POST HEARING INFORMATION PACK OF

Huashi Group Holdings Limited
华视集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(the "**Company**")

WARNING

The publication of this Post Hearing Information Pack is required by The Stock Exchange of Hong Kong Limited (the "**Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

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IMPORTANT

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Huashi Group Holdings Limited
(华视集团控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**Not more than [REDACTED] per [REDACTED] and expected to be not less than [REDACTED] per [REDACTED] plus brokerage of 1%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.05 per Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor and* [REDACTED]**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓 博 資 本 有 限 公 司

[REDACTED]
[logo]

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

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A copy of this document, having attached thereto the documents specified in the section headed "1. Documents Delivered to the Registrar of Companies" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other documents referred to above.

The [REDACTED] is expected to be determined by agreement between our Company and the [REDACTED] and the [REDACTED] (for themselves and on behalf of the [REDACTED]) on the [REDACTED] which is expected to be on or around [REDACTED] or such later date as may be agreed by our Company and the [REDACTED] and the [REDACTED] (for themselves and on behalf of the [REDACTED]) but in any event no later than [REDACTED]. The [REDACTED] will be not more than [REDACTED] per [REDACTED] and is expected to be not less than [REDACTED] per [REDACTED], unless otherwise announced.

The **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) may, with our Company's consent, reduce the indicative **[REDACTED]** stated in this document and/or the number of **[REDACTED]** under the **[REDACTED]** at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, a notice of reduction in the indicative **[REDACTED]** and/or the number of **[REDACTED]** will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.youmeimu.com** not later than the morning of the last day for lodging applications under the **[REDACTED]**. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections headed "Structure and Conditions of the **[REDACTED]**" and "How to Apply for the **[REDACTED]**" in this document.

The **[REDACTED]** have not been and will not be registered under the **[REDACTED]** or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the **[REDACTED]** and in accordance with any applicable U.S. securities law. The **[REDACTED]** are being offered and sold only outside the United States in offshore transactions in reliance on **[REDACTED]**.

If, for any reason, the **[REDACTED]** is not agreed between the **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and our Company on or before **[REDACTED]**, the **[REDACTED]** will not proceed and will lapse immediately.

Prior to making an investment decision, **[REDACTED]** should consider carefully all the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document. Pursuant to the **[REDACTED]** Agreement, the **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) has the right in certain circumstances to terminate the obligations of the **[REDACTED]** at any time prior to 8:00 a.m. (Hong Kong time) on the **[REDACTED]**. Should the **[REDACTED]** and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) terminate the **[REDACTED]**, the **[REDACTED]** will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "**[REDACTED]** in this document. It is important that **[REDACTED]** refer to that section for further details.

ATTENTION

We have adopted a fully [REDACTED] process for the [REDACTED]. We will not provide printed copies of this document or printed copies of any [REDACTED] to the public in relation to the [REDACTED]. This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our website at www.youmeimu.com. If you require a printed copy of this document, you may download and print from the website addresses above.

IMPORTANT

Your application through the [**REDACTED**] service or the [**REDACTED**] service must be for a minimum of [**REDACTED**] and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of [REDACTED] applied for	Amount payable on application	No. of [REDACTED] applied for	Amount payable on application	No. of [REDACTED] applied for	Amount payable on application	No. of [REDACTED] applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*

[**REDACTED**]

*   Maximum number of [**REDACTED**] you may apply for.

No application for any other number of [**REDACTED**] will be considered and any such application is liable to be rejected.

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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This document is issued by our Company solely in connection with the [**REDACTED**] *and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the* [**REDACTED**]. *This document may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.*

No action has been taken to permit a [**REDACTED**] *of the* [**REDACTED**] *or the distribution of this document in any jurisdiction other than Hong Kong.*

You should rely only on the information contained in this document to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorised by us, the Sole Sponsor, the [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], *any of our or their respective directors, officers, employees, partners, agents or representatives, or any other party involved in the* [**REDACTED**]. *Information contained in our Company's website, located at www.youmeimu.com, does not form part of this document.*

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This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your investment decision. There are risks associated with any investment. Some of the particular risks in investing in the [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

We are a branding, advertising and marketing service provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to execution of branding, advertising and marketing projects through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation to targeted recipients, and improving the competitiveness and market share of their products or services.

Our customers comprise (i) brand owners and advertisers, including private and state-owned enterprises and government authorities; and (ii) advertising agents, from a diversified spectrum of industries including beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and agricultural and related food processing.

During the Track Record Period, we derived revenue from the provision of:

(i) branding services, primarily including (a) market research and industry data analysis on industries in which our customers are engaged through collaboration with research institutes; (b) planning of brand development strategies, involving identification of core values of brands and advice on brand positioning and target customers; (c) design of brand image; and (d) formulation of products and/or services marketing and brand promotional plans;

(ii) advertising services, comprising traditional offline media advertising services and online media advertising services, through traditional offline media such as TV, radio and outdoor advertising space and online media such as websites, search engines, applications and social media platforms, primarily including (a) identification and selection of the appropriate media mix; (b) preparation of advertising proposals; (c) procurement of advertising resources; and (d) arrangement and supervision of placement of advertisements;

(iii) event execution and production services through organisation and implementation of marketing events to promote the brands, products and/or services of our customers; and

(iv) provision of advertisement placement services (including rebates from Media Partner), which comprises formulation of online advertisement plan, maintaining the accounts of the customers opened at the advertising platform of the Media Partner and arranging advertisement placement on the designated online media platforms of the Media Partner according to the requests of our customers. As an ancillary service, we will also design and produce short advertisement videos based on the request of our customers.

The following summarises the major differences between online media advertising services and provision of advertisement placement services:

In relation to platforms for the advertisement placements

(i) for online media advertising services, we assist customers to place online advertisements on various popular online media platforms in the PRC, such as social media and online video platforms operated by different advertising resources providers, while for provision of advertisement placement services, we assist customers to place online advertisements on the online media platforms operated by the Media Partner only; and

In relation to scope of services

(ii) for online media advertising services, our services mainly include understanding the marketing needs of customers and providing suggestions to customers on the forms of online advertisements, and then liaising with the advertising resources providers to execute the advertisement placements according to the instructions of the customers. In contrast, for provision of advertisement placement services, apart from discussing with our customers to understand their desired time frame and expenditure for the advertisement placement, we will also maintain the accounts of our customers opened at the advertising platform of the Media Partner, inject deposits on behalf of our customers into the advertising platform of the Media Partner and arrange advertisement placement on the designated online media platforms of the Media Partner according to the requests of our customers. As an ancillary service, we will also design and produce short advertisement videos based on the request of our customers.

For details of the other differences between online media advertising services and provision of advertisement placement services, please refer to the paragraph headed "Business – Our principal business – Comparison of online media advertising services and provision of advertisement placement services" in this document.

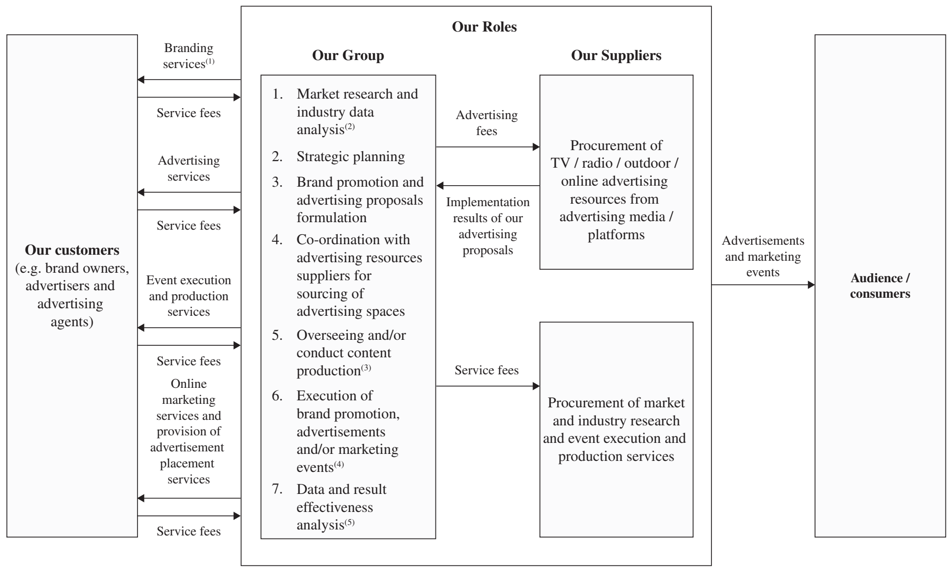
To optimise our customers' advertising and marketing strategies, after provision of our traditional offline and online advertising services and event execution and production services, we will prepare a summary report to analyse and evaluate the effectiveness of our advertising proposals or marketing events based on the results provided by advertising media or platforms.

Due to the increasing demand for multi-channel advertising services and the rapid development of technology and the internet, we have expanded our advertising services to provide online media advertising services since 2018 and provision of advertisement placement services since 2022. During the Track Record Period, we have entered into strategic cooperation and/or advertising agency agreements with market leading operators of online search engines, websites, social media, e-commerce and OTT platforms and the Media Partner, thereby enabling our Group to offer a wide range of online advertising resources and services to our customers based on the analysis on the preference and behaviour of internet users and the characteristics and effectiveness of various online media platforms.

We believe our diversified coverage of offline and online media advertising channels would allow us to adapt to the rapid changes in the advertising industry, and thereby enabling us to identify the most appropriate and effective advertising resources to satisfy the needs of our customers.

OUR BUSINESS MODEL

The following chart sets forth our business model in providing branding, advertising and marketing services to our customers during the Track Record Period:



Notes:

(1) After receiving the branding service proposals prepared by us, our customers may further engage us to execute our proposals on project basis as separate engagements for our advertising services and/or event execution and production services.

(2) We will generally collaborate with research institutes to conduct market research and industry data analysis. For details, please refer to the paragraph headed "Business – Collaboration with research institutes" in this document.

(3) For our traditional offline and online media advertising services, we are generally not responsible for the content production as our customers may have their own in-house team or designated third-party production house for the production of advertisements to ensure consistency in design and style of their own series of advertisements. In the event that our customers would like us to oversee the content production, we will generally engage independent third parties for production of the content and supervise the process.

For our provision of advertisement placement services, depending on the needs of our customers, we also assist them to design and produce short advertisement videos for placing on the online media platforms of the Media Partner.

(4) For our provision of advertisement placement services, we will assist our customer to open an account on the advertising platform of the Media Partner, and operate the account of the customers to place advertisements on the relevant online media platforms of the Media Partner.

(5) After the end of the advertising period or the marketing event (excluding provision of advertisement placement services), we would prepare and provide a summary report to our customers to summarise the implementation details provided by advertising media or platforms and analyse the effectiveness of our advertising proposals or marketing events.

For our advertisement placement service, once the advertisement is displayed online, we will monitor the advertisement performance and review their marketing results on a real-time and continuing basis on the Media Partner's platforms, and provide feedback to the customers. Therefore, we will not prepare any summary report at the end of the advertising period.

OUR PRINCIPAL BUSINESS

During the Track Record Period, we provided the following types of services to our customers: (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services; and (v) provision of advertisement placement services (including rebates from Media Partner). The following table sets forth the breakdown of our revenue by service type during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Branding services	61,255	59.2	74,926	47.5	90,502	43.7	27,596	45.5	28,712	38.3
Traditional offline media advertising services	8,466	8.2	4,083	2.6	2,204	1.1	876	1.4	–	–
Online media advertising services	18,465	17.9	46,196	29.3	48,145	23.2	21,751	35.9	12,027	16.0
Event execution and production services	15,258	14.7	32,432	20.6	41,380	20.0	10,440	17.2	15,613	20.8
Provision of advertisement placement services	–	–	–	–	16,515	8.0	–	–	13,563	18.1
Rebates from Media Partner	–	–	–	–	8,421	4.0	–	–	5,099	6.8
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100**	**75,014**	**100**

Our revenue increased from approximately RMB103.4 million for FY2020 to approximately RMB157.6 million for FY2021 and increased further from approximately RMB157.6 million for FY2021 to approximately RMB207.2 million for FY2022. Our revenue also increased from approximately RMB60.7 million for 4M2022 to approximately RMB75.0 million for 4M2023. The above increases were mainly attributable to the increase in revenue from the provision of branding services, online media advertising services, event execution and production services and advertisement placement services (including rebates from Media Partner) as a result of (i) the growing market demand for our branding, advertising and marketing services after the COVID-19 was kept under control; (ii) the removal of anti-epidemic measures by the Chinese government at the end of 2022, which result in the economic activities and scene activities, such as cultural events, exhibitions and conferences resuming to normal and an increase in the demand for our event execution and production services; (iii) our Group's enhanced sales efforts to explore more potential customers; (iv) the general increase in demand from advertisers for online media advertising and our Group's continued strategic shift to focus on this segment; and (v) the growth of online retail sales in the PRC which stimulated more customers to select our online media advertising services and advertisement placement services to place advertisements to boost up their sales.

The following table sets forth the gross profit and gross profit margin by service type during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	RMB'000	Gross profit margin (%)	RMB'000	Gross profit margin (%)	RMB'000	Gross profit margin (%)	RMB'000 *(unaudited)*	Gross profit margin (%)	RMB'000	Gross profit margin (%)
Branding services	33,727	55.1	39,219	52.3	50,172	55.4	14,860	53.8	13,448	46.8
Traditional offline media advertising services	882	10.4	483	11.8	292	13.2	17	1.9	–	–
Online media advertising services	2,970	16.1	6,787	14.7	15,339	31.9	2,603	12.0	10,591	88.1
Event execution and production services	5,306	34.8	11,182	34.5	14,272	34.5	3,442	33.0	5,362	34.3
Provision of advertisement placement services	–	–	–	–	14,789	89.5	–	–	12,247	90.3
Rebates from Media Partner	–	–	–	–	8,421	100.0	–	–	5,099	100.0
	42,885	41.5	57,671	36.6	103,285	49.9	20,922	34.5	46,747	62.3

Branding services

We provide branding services to our customers where we will conduct market research and formulate comprehensive and customised branding services proposals for our customers covering various areas, including corporate brand building, products and/or services positioning, and marketing and sales strategies. We aim to provide comprehensive branding services to our customers, which generally include: (i) study and analysis on the brand of the customers; (ii) design and planning of the brand development strategies; (iii) design of the brand image; and (iv) formulation of products and/or services marketing and brand promotion plans. Please refer to the paragraph headed "Business – Our operational workflow" in this document for the duration of each workflow for the provision of branding services.

For our branding services, we generally determine our service fee based on a cost-plus approach, in which we will assess our costs to be incurred for the branding services projects, such as our staff costs and research expenses, and then include a markup over the estimated costs when determining the service fees. We may also adjust the markup depending on the market condition and the competitive environment on a case-by-case basis. Our gross profit margin of branding services during FY2020, FY2021 and FY2022 amounted to approximately 55.1%, 52.3% and 55.4%, respectively. We recorded a decrease in gross profit margin of branding services from approximately 53.8% for 4M2022 to approximately 46.8% for 4M2023. Such decrease was mainly due to that we offered relatively competitive prices to (i) certain new customers in order to increase our competitiveness and expand our customer base; and (ii) certain recurring customers in view of their long-term business relationship with our Group.

Traditional offline media advertising services

We provide advertising services to our customers on offline media. The major offline media advertising spaces we offered are (i) TV advertising space; (ii) radio advertising space; and (iii) outdoor advertising space. Our services cover most of the key stages in placing advertisement, including identifying the appropriate media mix, preparing the advertising proposal, procurement of advertising resources, arranging and supervising the placement of advertisements and evaluation of the advertisements' effectiveness. Please refer to the paragraph headed "Business – Our operational workflow" in this document for the duration of each workflow for the provision of traditional offline media advertising services.

Online media advertising services

We provide intermediary services to assist our customers to identify and select the relevant online advertising resources suppliers so that the advertisements of our customers could be placed on a wide variety of online platforms such as websites, search engines, applications and social media platforms. We offer customers suggestions on the forms of online advertisements and the types of online platforms after analysing the preference and behaviour of internet users, characteristics and effectiveness of various online platforms. Please refer to the paragraph headed "Business – Our operational workflow" in this document for the duration of each workflow for the provision of online media advertising services.

The two major forms of online media advertising spaces we offered were (i) display advertising where promotional messages would appear on websites, applications or social media platforms through banners or other advertisement formats made of text, images, flash and video; and (ii) search engine advertising where name, brand and/or products of the advertisers will appear on the website's search results when the consumers have entered the relevant keywords.

Our gross profit margin of online media advertising services decreased slightly from approximately 16.1% for FY2020 to approximately 14.7% for FY2021 and increased to approximately 31.9% for FY2022. Our gross profit margin of online media advertising services increased from approximately 12.0% for 4M2022 to approximately 88.1% for 4M2023. The increase in our gross profit margin of online media advertising services in FY2022 and 4M2023 was mainly due to that we recognised revenue generated from the Ten Advertising Agents under online media advertising services on a net basis and all costs had been netted off with the gross revenue.

Event execution and production services

We also assisted our customers in formulating, organising and implementing marketing campaigns and activities to promote their brands, services and products. Based on the objectives of our customers as well as the types of products or services to be marketed, we provide services covering all stages of organising marketing campaigns, including (i) formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring supply of materials and engaging third-party service providers; (iv) assisting with project management and overseeing the execution of marketing campaigns; and (v) evaluating the effectiveness of the marketing campaigns through public opinion. Please refer to the paragraph headed "Business – Our operational workflow" in this document for the duration of each workflow for the provision of event execution and production services.

Provision of advertisement placement services (including rebates from Media Partner)

In January 2022, we have entered into a cooperation agreement with the Media Partner for placing advertisements on the various online media platforms operated by the Media Partner. In May 2022, we obtained the agency certificate issued by the Media Partner, and therefore we have commenced our provision of advertisement placement services for our customers since May 2022. Our cooperation with the Media Partner is on a non-exclusive basis and is subject to renewal each year. Our annual framework agreement with the Media Partner generally starts from 1 January and expires on 31 December of each year. We have successfully renewed our annual framework agreement with the Media Partner on similar key terms and conditions and our agency certificate for the period from 1 January 2023 to 31 December 2023. It is expected that the annual framework agreement for 2024 will be signed around the end of December 2023, which is of similar timing as in the previous year. For details of our terms of cooperation with the Media Partner, please refer to the paragraph headed "Business – Our principal business – Provision of advertisement placement services (including rebates from Media Partner) – Key terms of agreement with the Media Partner" in this document.

We commenced to provide the provision of advertisement placement services in May 2022 and hence no revenue was generated from this segment in FY2020 and FY2021. For FY2022, we generated revenue of approximately RMB24.9 million from the provision of advertisement placement services (including rebates from Media Partner), which represented approximately 12.0% of our total revenue. Our revenue generated from provision of advertisement placement services (including rebates from Media Partner) amounted to approximately RMB18.7 million for 4M2023, representing approximately 24.9% of our total revenue for the same period. We did not recognise any revenue from provision of advertisement placement services (including rebates from Media Partner) for 4M2022 as we only commenced such services in May 2022.

OUR CUSTOMERS

Our customers include brand owners and advertisers (including private enterprises, state-owned enterprises of various industries and government authorities) and advertising agents in the PRC.

The following table sets out a breakdown of the revenue by customer type during the Track Record Period:

	FY2020			FY2021			FY2022			4M2022			4M2023		
	No. of customer	Revenue *(RMB'000)*	Approximate % of our total revenue *(%)*	No. of customer	Revenue *(RMB'000)*	Approximate % of our total revenue *(%)*	No. of customer	Revenue *(RMB'000)*	Approximate % of our total revenue *(%)*	No. of customer	Revenue *(RMB'000)* *(unaudited)*	Approximate % of our total revenue *(%)*	No. of customer	Revenue *(RMB'000)*	Approximate % of our total revenue *(%)*
Brand owners and advertisers	**64**	**97,207**	**94.0**	**94**	**147,883**	**93.8**	**90**	**160,678**	**77.6**	**47**	**55,444**	**91.4**	**66**	**46,398**	**61.9**
– Private enterprises	38	86,966	84.1	70	131,197	83.2	76	145,815	70.4	38	47,818	78.8	59	42,981	57.3
– State-owned enterprises	7	3,883	3.8	9	9,170	5.8	5	7,632	3.7	5	3,641	6.0	4	3,331	4.5
– Government authorities	19	6,358	6.1	15	7,516	4.8	9	7,231	3.5	4	3,985	6.6	3	86	0.1
Advertising agents	**2**	**6,237**	**6.0**	**10**	**9,754**	**6.2**	**87**	**46,489**	**22.4**	**5**	**5,219**	**8.6**	**97**	**28,616**	**38.1**
Total	**66**	**103,444**	**100.0**	**104**	**157,637**	**100.0**	**177**	**207,167**	**100.0**	**52**	**60,663**	**100.0**	**163**	**75,014**	**100.0**

For FY2020, FY2021, FY2022 and 4M2023, revenue generated from our largest customer in each year or period amounted to approximately RMB17.9 million, RMB8.7 million, RMB13.6 million and RMB6.2 million, representing approximately 17.3%, 5.5%, 6.6% and 8.2% of our total revenue, respectively. Revenue generated from our five largest customers in each year or period during the Track Record Period amounted to approximately RMB54.1 million, RMB41.4 million, RMB55.4 million and RMB24.2 million, representing approximately 52.2%, 26.2%, 26.8% and 32.2% of our total revenue, respectively. Our five largest customers in each year or period during the Track Record Period are Independent Third Parties. To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors, their respective close associates or any Shareholders who own more than 5% of the issued Shares, had any interest in any of our five largest customers in each year or period for the Track Record Period. Please refer to the paragraph headed "Business – Customers" in this document for details of our five largest customers in each year or period during the Track Record Period.

We have a strong customer base as evidenced by the increase in revenue generated from our recurring customers and our ability to attract new customers during the Track Record Period.

OUR PROJECTS

We generally enter into contracts with our customers on a project basis for the provision of our services. During the Track Record Period, the project duration of our branding, traditional offline media, online media advertising and event execution and production services ranged between 80 to 130 days, 120 to 270 days, 150 to 300 days and 100 to 210 days, respectively. The project duration refers to the period from the date of contracts to the issuance of invoices to our customers. For details of the movement of the number of our projects and the rolling backlog of our projects by outstanding contract sum during the Track Record Period and from 1 May 2023 to the Latest Practicable Date, please refer to the paragraph headed "Business – Our projects" in this document.

PRICING POLICY

We formulate and adjust our pricing policy in accordance with industry information and market trends. We generally determine our service fees on a case-by-case basis, taking into account factors including (i) estimated time to be spent and the complexity of the project, such as the number of staff to be involved in the project and customers' requirements; (ii) scope of services provided; (iii) fees charged by our suppliers including third-party service providers; (iv) budgets of our customers; (v) time requirements of the services; (vi) background of the customers; and (vii) future business opportunities with the customers. For our projects, we generally determine our service fee based on a cost-plus approach, in which we will assess our costs to be incurred for the projects, such as staff costs, research expenses, costs of acquiring the advertising resources and/or supplies for implementing the marketing events, etc., and then include a markup over the estimated costs when determining the service fees. We will adjust the markup depending on the market condition and the competitive environment on a case-by-case basis. On some occasions, we received enquiries from customers for discounts and may offer a discounted price to customers with a high industry recognition and reputation, which are measured with reference to among others, the listing status, years of establishment, track record and scale of their business operation, market share in their respective business industries, and their public image and reputation based on our Directors' industry knowledge and experience in order to strategically build up our business portfolio in particular industry sectors and to establish long-term relationships with them. During the Track Record Period, we offered discounts ranging from 9.8% to 21.8% to 4, 4, 4 and 6 projects which in aggregate contributed approximately RMB1.7 million, RMB2.8 million, RMB2.9 million and RMB3.1 million to our revenue for FY2020, FY2021, FY2022 and 4M2023, respectively.

OUR SUPPLIERS

During the Track Record Period, our suppliers mainly comprised (i) research institutes; (ii) advertising resources providers; and (iii) advertising agents. Research institutes are institutions which are engaged to conduct market research on the market and industry in which our customers operate, including the latest development and trends of the industry, the opportunities and challenges facing the industry, the nature of the target customers, customers' consumption behaviour and preference, and an analysis on the competitive environment, such as the major competitors and the nature of competition in the market. Advertising resources providers (i.e. the ultimate advertising resources operators) are generally companies possessing advertising resources directly, such as TV station operators, agents and/or owners of websites, search engines, social media and e-commerce platforms, and outdoor platforms. Advertising agents are advertising companies which source advertising resources from the ultimate advertising resources suppliers.

For FY2020, FY2021, FY2022 and 4M2023, the cost of services provided by our largest supplier in each year or period amounted to approximately RMB13.5 million, RMB9.9 million, RMB9.0 million and RMB6.4 million, representing approximately 23.9%, 10.4%, 9.4% and 26.3% of our total cost of services provided by suppliers, respectively. For the same years or period, the cost of services provided by our five largest suppliers amounted to approximately RMB38.6 million, RMB42.3 million, RMB40.2 million and RMB17.2 million, representing approximately 68.1%, 44.7%, 42.1% and 70.5% of our total cost of services provided by suppliers, respectively. Our five largest suppliers in each year or period during the Track Record Period are Independent Third Parties.

MARKET AND COMPETITION

According to Frost & Sullivan, the integrated branding, advertising and marketing service market in the PRC grew at a CAGR of 11.0% in terms of total expenditure from 2017 to 2022, and is expected to grow at a CAGR of 7.2% from 2023 to 2027, reaching approximately RMB1,538.0 billion by the end of 2027. There were approximately 190 integrated branding, advertising and marketing service providers in China, with the top five market players accounting for approximately 3.5%, 1.5%, 1.4%, 1.4%, and 0.8%, respectively, and in aggregate 8.6% of the total revenue of the integrated branding, advertising and marketing service market in China. The top five market players are listed companies which mainly provide marketing services and advertising services. For details, please refer to the paragraph headed "Industry Overview – Overview of integrated branding, advertising and marketing service market in China – Competitive landscape" in this document. In 2022, the sales revenue of our Group accounted for approximately 0.02% of total expenditure in China's integrated branding, advertising and marketing service.

OUR COMPETITIVE STRENGTHS

We believe our success is attributable to, among other things, the following competitive strengths:

- we have developed strategy formulation and data analytical capabilities;
- we have proven track record in providing quality branding, advertising and marketing services;
- we have established stable and long-standing business relationships with suppliers of a wide range of media platforms and advertising resources;
- we have developed capabilities to formulate tailor-made ideas and concepts which can be applied to produce different forms of branding, advertising and marketing contents across a wide range of media platforms;
- we have maintained business relationships with customers from diverse industries; and
- we have an experienced management team with in-depth industry expertise.

OUR BUSINESS STRATEGIES

Our key business strategies are to:

- strengthen our data analytical capabilities and further enhance our branding services;
- continue to expand our online media advertising services;
- expand the geographical reach of our services; and
- further improve our brand recognition and increase our marketing efforts.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The tables below set out, for the years or periods indicated, our consolidated statements of profit or loss and other comprehensive income, the details of which are set forth in Appendix I to this document, and these should be read in conjunction with the financial statements in Appendix I to this document, including the related notes.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	103,444	157,637	207,167	60,663	75,014
Cost of services	(60,559)	(99,966)	(103,882)	(39,741)	(28,267)
Gross profit	42,885	57,671	103,285	20,922	46,747
Other income	1,272	954	402	144	2,637
Selling and marketing expenses	(2,663)	(4,601)	(6,406)	(1,786)	(3,276)
Administrative expenses	(10,231)	(20,148)	(29,544)	(7,420)	(10,469)
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
(Provision for)/reversal of expected credit loss on financial and contract assets, net	(1,031)	1,362	(5,935)	(663)	(3,408)
Finance costs	(462)	(693)	(1,457)	(331)	(704)
Profit before income tax expense	29,679	23,156	55,610	8,968	30,996
Income tax expense	(5,358)	(4,682)	(9,951)	(1,634)	(5,018)
Profit for the year/period	24,321	18,474	45,659	7,334	25,978
Profit attributable to:					
– Owners of the Company	24,228	18,474	45,659	7,334	25,978
– Non-controlling interests	93	–	–	–	–
	24,321	18,474	45,659	7,334	25,978

Non-HKFRS measures

In order to supplement our consolidated statements of profit or loss, which are presented in accordance with HKFRS, we also use adjusted profit (Non-HKFRS measure), which is not required by, or presented in accordance with HKFRS. We believe this non-HKFRS measure helps identify underlying trends in our business and therefore provide useful information to [**REDACTED**] in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that this non-HKFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted profit (Non-HKFRS measure), as profit for the year adjusted by [**REDACTED**] relating to the [**REDACTED**].

While adjusted profit (Non-HKFRS measure) provides additional information to [**REDACTED**] in understanding and evaluating our results of operations, the use of adjusted profit (Non-HKFRS measure) has certain limitations as an analytical tool. When assessing our operating and financial performance, you should not consider adjusted profit (Non-HKFRS measure) in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table sets forth a reconciliation of our Group's net profits for the years or periods to our adjusted profit (Non-HKFRS measure) for the years or periods indicated:

	FY2020	**FY2021**	**FY2022**	**4M2022** *(unaudited)*	**4M2023**
Profit for the year/period (*RMB'000*)	24,321	18,474	45,659	7,334	25,978
Adding back: [**REDACTED**] (*RMB'000*)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted profit (Non-HKFRS measure) (*RMB'000*)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

Our net profit decreased from approximately RMB24.3 million for FY2020 to approximately RMB18.5 million for FY2021, mainly attributable to increase in administrative expenses and selling and marketing expenses. Our net profit increased from approximately RMB18.5 million for FY2021 to approximately RMB45.7 million for FY2022, which was mainly attributable to the increase in revenue due to the growing market demand of branding services, online media advertising services and the commencement of provision of advertisement placement services in FY2022 and the decrease in [**REDACTED**] in FY2022 as compared with FY2021. Our net profit increased from approximately RMB7.3 million for 4M2022 to approximately RMB26.0 million for 4M2023, which was mainly attributable to the increase in gross profit and the decrease in [**REDACTED**].

Please refer to the paragraph headed "Financial Information – Description of selected items in consolidated statements of profit or loss and other comprehensive income" in this document for more details.

Selected items of consolidated statements of financial position

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Total current assets	59,472	68,220	128,688	219,126
Trade receivables	22,972	32,040	102,602	161,346
Deposits, prepayments and other receivables	22,293	5,491	20,586	20,974
Total current liabilities	19,430	32,255	62,416	120,645
Trade payables	8,513	10,803	7,908	64,846
Accruals and other payables	2,746	7,119	7,206	10,275
Borrowings	5,200	10,789	37,224	35,950
Net current assets	40,042	35,965	66,272	98,481
Total non-current assets	18,962	21,486	33,980	26,867
Plant and equipment	7,958	6,611	17,958	15,449
Right-of-use assets	4,187	3,010	1,804	1,408
Intangible assets	5,824	4,734	3,569	3,181
Prepayments	–	6,000	9,000	4,500
Total non-current liabilities	6,546	8,982	6,124	5,242
Lease liabilities	4,485	2,840	996	17
Borrowings	–	3,400	719	–
Deferred tax liabilities	2,061	2,742	4,409	5,225
Non-controlling interests	1,778	–	–	–
Total equity or net assets	52,458	48,469	94,128	120,106

Our net assets decreased from approximately RMB52.5 million as at 31 December 2020 to approximately RMB48.5 million as at 31 December 2021, primarily attributable to the deemed distribution (i.e. elimination of our capital reserve of a subsidiary of our Group) of approximately RMB20.8 million arising from the Reorganisation, and such deemed distribution reduced our equity balance. Such decrease was partially offset by the net profit for FY2021 of approximately RMB18.5 million arising from the business growth during the year. For the details of the deemed distribution and the reasons on the increase in our net profit for FY2021, please refer to the paragraph headed "Appendix I – Consolidated Statements of Changes in Equity" and the paragraph headed "Financial Information – Year to year/period to period comparison of results of operations – FY2020 compared to FY2021" in this document for further details.

Our net assets increased from approximately RMB48.5 million as at 31 December 2021 to approximately RMB94.1 million as at 31 December 2022, primarily attributable to the net profit for the year of approximately RMB45.7 million arising from the business growth during the year. For the reasons on the increase in our net profit for FY2022, please refer to the paragraph headed "Financial Information – Year to year/period to period comparison of results of operations – FY2021 compared to FY2022" and the paragraph headed "Appendix I – Consolidated statements of changes in equity" in this document for further details.

Our net assets increased from approximately RMB94.1 million as at 31 December 2022 to approximately RMB120.1 million as at 30 April 2023, primarily attributable to the net profit for 4M2023 of approximately RMB26.0 million arising from the business growth during the same period.

Selected items of consolidated statements of cash flows

	FY2020 *(RMB'000)*	**FY2021** *(RMB'000)*	**FY2022** *(RMB'000)*	**4M2022** *(RMB'000)* *(unaudited)*	**4M2023** *(RMB'000)*
Net cash generated from operations before changes in working capital	33,005	26,302	69,728	11,390	38,262
Changes in working capital	(1,627)	(3,487)	(92,905)	(14,783)	(2,205)
Income tax paid	(3,027)	(4,405)	(6,081)	(1,694)	(4,107)
Net cash generated from/(used in) operating activities	28,351	18,410	(29,258)	(5,087)	31,950
Net cash (used in)/generated from investing activities	(2,358)	13,388	(18,702)	(12,586)	4,639
Net cash (used in)/generated from financing activities	(14,244)	(13,666)	20,631	3,739	(3,599)
Net increase/(decrease) in cash and cash equivalents	11,749	18,132	(27,329)	(13,934)	32,990
Cash and cash equivalents at beginning of the year/period	322	12,071	30,203	30,203	2,874
Cash and cash equivalents at end of the year/period	12,071	30,203	2,874	16,269	35,864

For FY2022, we had net cash inflows from operating activities before working capital change of approximately RMB69.7 million and net cash outflows used in operating activities of approximately RMB29.3 million. The difference of approximately RMB99.0 million was primarily attributable to (i) the increase in trade receivables of approximately RMB75.6 million resulting from the increase in our revenue generated near year end; (ii) the increase in contract assets of approximately RMB2.3 million mainly arising from the increase in services provided by our Group which has not been unconditionally accepted by our customers; (iii) the increase in deposits, prepayments and other receivables of approximately RMB15.9 million mainly attributable to the increase in our deposits paid to the Media Partner for provision of advertisement placement services; (iv) the decrease in trade payables of approximately RMB2.9 million due to the settlement of trade payables by our Group; and (v) income tax paid of approximately RMB6.1 million, which were partially offset by the increase in contract liabilities of approximately RMB3.6 million resulting from the increase in advance payments from some customers near year end date.

We recorded net cash outflows used in operating activities for FY2022, mainly attributable to the time lags between our payments of deposits to the Media Partner for the provision of advertisement placement services and our receipts of payments from our customers. We were generally required to make deposits to the Media Partner prior to the provision of advertisement placement services. We completed more than 100 projects of provision of advertisement placement services at the end of FY2022 and we generally granted a credit period of 90 days, in line with the industry norm, to our customers of provision of advertisement placement services. Therefore, such timing difference of payments to the Media Partner and receipts of payments from our customers had a significant impact on our net cash movement during FY2022.

KEY FINANCIAL RATIOS

The table below sets forth our selected key financial ratios during the Track Record Period:

	For the year ended/as at 31 December			For the four months ended/as at 30 April
	2020	2021	2022	2023
Gross profit margin	41.5%	36.6%	49.9%	62.3%
Net profit margin	23.5%	11.7%	22.0%	34.6%
Gearing ratio	21.3%	38.6%	43.3%	31.5%
Current ratio	3.1 times	2.1 times	2.1 times	1.8 times
Return on equity	46.4%	38.1%	48.5%	21.6%
Return on assets	31.0%	20.7%	28.1%	10.6%
Interest coverage ratio	271.7 times	53.8 times	44.4 times	47.7 times
Net debt to equity ratio	Net cash	Net Cash	39.9%	1.4%

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks relating to an investment in our [**REDACTED**]. These risks can be generally categorised into: (i) risks relating to our Group; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; (iv) risks relating to the [**REDACTED**]; and (v) risks relating to statements made in this document. A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in this document. A summary of certain of these risk factors which may have a material and adverse effect on our business, financial condition, results of operations and prospects is set forth below:

- the income generated from our business is generally project-based and non-recurring in nature and our future business depends on our continuous ability in securing new projects;
- if we fail to achieve the marketing objectives of our customers, our financial performance may be adversely affected;
- we rely on research institutes for provision of our branding services;
- we engage third-party service providers to provide various services. Their failure to provide us with timely and high-quality products or services may materially and adversely affect our business operations;
- we recorded net cash used in operating activities for FY2022. If we record net cash outflow from operating activities in the future, our liquidity and financial condition may be materially and adversely affected;
- we recorded an increasing trend for our average trade receivables turnover days during the Track Record Period. There is no assurance that our customers will settle their payments when they fall due, or at all. Any delay or default in payments from our customers may cause challenges for us to manage our working capital and/or adversely impact our liquidity;
- we have concentrated supplier base and any increases in price of their services or advertising resources could materially and adversely affect our results of operations, financial position and prospects; and

- our business may be affected by seasonal fluctuations in demand for our branding, advertising and marketing services from customers in different industries.

You should read the entire section headed "Risk Factors" in this document before you decide to invest in the [**REDACTED**].

[**REDACTED**]

We undertook the [**REDACTED**] in preparation of the [**REDACTED**]. Immediately after the completion of the [**REDACTED**] and the [**REDACTED**], the [**REDACTED**], Mr. Nie (through his shareholding in Youxin Capital) and Mr. Shen will be effectively entitled to approximately [**REDACTED**] and [**REDACTED**] of the issued Shares of our Company. Both of our [**REDACTED**] are individual investors. Mr. Zhang Bei, one of our executive Directors, is the nephew of Mr. Nie. Save for the aforesaid, Mr. Shen, to the best knowledge and belief of our Directors, is an Independent Third Party. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure – [**REDACTED**]" in this document.

OUR SHAREHOLDING STRUCTURE

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued upon the exercise of the [**REDACTED**] and the options that may be granted under the Share Option Scheme), Mr. Chen (through JaiYi Culture) will own approximately [**REDACTED**] of the issued share capital of our Company. JaiYi Culture is an investment holding company and is wholly-owned by Mr. Chen. Therefore, Mr. Chen and JaiYi Culture are regarded as our Controlling Shareholders under the Listing Rules.

NON-COMPLIANCE

We were involved in certain non-compliance incidents relating to short-term loans to our related parties during the listing of Huashi Media on the NEEQ. Huashi Media provided short-term loans to its related parties, including Mr. Chen and Ms. Xue, in breach of the relevant PRC laws and regulations and the internal rules and measures of Huashi Media between January 2016 and June 2016, and did not make disclosure in a timely manner in relation to such continuing connected transactions. Our Directors confirmed that up to the Latest Practicable Date, no punishment, disciplinary measures or sanctions have been imposed by the relevant regulatory authorities in the PRC, including but not limited to CSRC and the NEEQ CO., Ltd., against Huashi Media, Mr. Chen, Ms. Xue, our other Directors and senior management due to the non-compliance incidents. Our PRC Legal Advisers are of the view that the risk of the relevant authorities imposing further punishment or penalties on us is remote. For details, please refer to the paragraph headed "Business – NEEQ non-compliance incidents" in this document.

DIVIDENDS

On 18 August 2020, Huashi Media declared and paid an aggregate dividend of RMB17.4 million to its then shareholders. Save as above, no other dividends have been paid or declared by us during the Track Record Period. Our Company currently does not have any predetermined dividend payout ratio. A decision to declare or pay any dividend in the future and the amount of any dividends depends on a number of factors, including but not limited to our results of operations, financial position, working capital, capital requirements and other factors our Board may deem relevant. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year.

[**REDACTED**]

	Based on minimum indicative [REDACTED] of [REDACTED] per [REDACTED]	Based on maximum indicative [REDACTED] of [REDACTED] per [REDACTED]
[**REDACTED**] of our Shares[1]	[**REDACTED**]	[**REDACTED**]
[**REDACTED**] adjusted consolidated net tangible asset value per Share[2]	[**REDACTED**]	[**REDACTED**]

Notes:

(1) The calculation of [**REDACTED**] is based on the [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**] and the [**REDACTED**].

(2) The [**REDACTED**] adjusted consolidated net tangible asset value per Share is calculated after adjustments referred to in Appendix II and on the basis of [**REDACTED**] Shares in issue at the [**REDACTED**] immediately upon the completion of the [**REDACTED**] and the [**REDACTED**].

(3) All statistics in this table are based on the assumption that the [**REDACTED**] is not exercised.

[**REDACTED**]

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

We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes assuming the [**REDACTED**] is fixed at [**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**]):

– approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to strengthen our data analytical capabilities and further enhance our branding services, consisting of:

  • approximately [**REDACTED**]%, or HK$[**REDACTED**] is expected to be used to establish our branding data platform and R&D database;

  • approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to acquire more comprehensive market and industry data; and

  • approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for recruitment of additional staff for our R&D department;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to expand our online media advertising services, consisting of:

  • approximately [**REDACTED**]%, or [**REDACTED**] is expected to be used to enhance our online advertising platform; and

  • approximately [**REDACTED**]%, or [**REDACTED**], is expected to be used to develop our in-house content production capabilities;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to expand the geographical reach of our services, consisting of:

  • approximately [**REDACTED**]%, or HK$[**REDACTED**] is expected to be used to set up our Beijing office; and

  • approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to set up our Shanghai office;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to improve our brand recognition and increase our marketing efforts; and

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used to fund our working capital and general corporate purposes.

The above [**REDACTED**] of the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the [**REDACTED**] of the [**REDACTED**]. For further details, please refer to the section headed "Future Plans and Use of [**REDACTED**]" in this document.

In line with our plan to establish our branding data platform and R&D database, acquire market and industry data, recruit additional R&D staff, enhance our online advertising platform, develop our in-house content production capabilities, expand our branch offices and increase our marketing efforts, we expect that our financial results for the year ending 31 December 2023 will be affected by the increase in our operating expenses, including depreciation charges, staff costs and selling and marketing expenses, associated with our aforesaid expansion plan.

[**REDACTED**]

The estimated total [**REDACTED**] in connection with the [**REDACTED**] are approximately HK$[**REDACTED**] or RMB[**REDACTED**] (based on the [**REDACTED**] of the [**REDACTED**] of [**REDACTED**] per [**REDACTED**]), of which approximately RMB[**REDACTED**] is expected to be deducted from the equity. The estimated total [**REDACTED**] represent approximately [**REDACTED**] of the gross [**REDACTED**] from the [**REDACTED**]. It comprised (i) [**REDACTED**] expenses, including [**REDACTED**] of approximately HK$[**REDACTED**]; and (ii) non-[**REDACTED**] expenses of approximately HK$[**REDACTED**], including (a) fees payable to legal advisers and Reporting Accountants of HK$[**REDACTED**]; and (b) other fees and expenses, including sponsor fees and the fees of other professional parties, of approximately HK$[**REDACTED**]. Our Directors are of the view that our above fees or expenses are in line with the market rates. During the Track Record Period, we incurred [**REDACTED**] of approximately RMB[**REDACTED**]. We expect to incur additional [**REDACTED**] (including [**REDACTED**]) of approximately RMB[**REDACTED**] subsequent to 30 April 2023, which is expected to be recognised as expenses in the consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2023 and approximately RMB[**REDACTED**] is expected to be recognised as a deduction in equity directly. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

Our Directors consider that our financial results will be affected by the expenses in relation to the [**REDACTED**] as we expect to further recognise approximately RMB[**REDACTED**] million in the consolidated statements of profit or loss and comprehensive income for the year ending 31 December 2023. Accordingly, the financial performance for the year ending 31 December 2023 is expected to be adversely affected by the estimated expenses in relation to the [**REDACTED**].

RECENT DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD

Our business model, revenue and cost structure basically remained unchanged subsequent to the Track Record Period and up to the Latest Practicable Date. Subsequent to the Track Record Period and up to the Latest Practicable Date, we entered into 20, nil, 92, 64 and 55 contracts of our branding services, traditional offline media advertising services, online media advertising services, provision of advertisement placement services and event execution and production services, with an aggregate contract sum of approximately RMB34.9 million, nil, RMB12.4 million, nil and RMB18.9 million, respectively.

As at the Latest Practicable Date, we had a total of 173 ongoing projects with a total outstanding contract sum of approximately RMB12.2 million, of which:

(i) there were 6 ongoing branding services projects, with an outstanding contract sum of approximately RMB2.9 million;

(ii) there were 163 ongoing provision of advertisement placement services projects, of which the aggregate outstanding contract sum of five contracts were approximately RMB7.7 million, while no contract sum was stipulated in the remaining 158 framework agreements; and

(iii) there were 4 event execution and production services project, with an outstanding contract sum of approximately RMB1.6 million.

For the eight months ended 31 August 2023, we recorded a moderate growth in revenue and there was an increase in the contract value for new projects of branding services and an increase in the number of new projects for the provision of advertisement placement services as compared with the corresponding period in 2022. Without considering the effect of the [**REDACTED**], we expect that there will be a moderate increase in our revenue for the year ending 31 December 2023 as compared to the previous year. The growth in the business segments of provision of branding services, event execution and production services and advertisement placement services (including rebates from Media Partner) is expected to continue to contribute to the financial performance of our Group for the year ending 31 December 2023.

Save for the [**REDACTED**] in connection with the [**REDACTED**], our Directors confirm that there had been no material adverse change in our financial or trading position since 30 April 2023, being the date of which our latest audited consolidated financial statements were made up, and up to the date of this [**REDACTED**].

IMPACT OF OUTBREAK OF COVID-19 ON OUR OPERATIONS

The PRC Government announced a number of measures in January 2020 with a view to containing the COVID-19 outbreak, such as locking down major cities, imposing travel restrictions across cities and provinces, extension of the Lunar New Year public holiday and postponing the resumption of production in a wide spectrum of industries. As a result, our head office in Wuhan was temporarily closed on 22 January 2020 and we resumed work on 8 April 2020. The COVID-19 Outbreak led to the suspension of the business of our customers, thereby affecting their demand for our services. In the first half of 2022, new regional COVID-19

Outbreak has hit certain areas in China which subsequently spread to several other cities. To contain the spread of COVID-19, local governments imposed various restrictions on business and social activities, including travel restrictions, city lockdown and temporary shutdown of business operations across certain regions. As a result of the resurgence of COVID-19 Outbreak, we experienced a few days of delay in receiving the services provided by certain of our suppliers located in these affected areas in April 2022. However, we have been able to honour all of our obligations to the relevant customers within the agreed schedules.

Although our customers are mainly based in the PRC during the Track Record Period, our Directors, after careful and due consideration, confirm that the COVID-19 Outbreak in the first half of 2020 and 2022 did not have material adverse impact on the business, financial conditions and result of operations of our Group for the following reasons:

- during the Track Record Period and up to the Latest Practicable Date, (a) we had been able to honour all of our obligations under the existing purchase orders with our customers; and (b) we did not experience any cancellation of orders or termination of contracts by our customers due to the COVID-19 Outbreak;

- as confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material disruption of our procurement of advertising resources in light of COVID-19 Outbreak;

- whilst our business was affected temporarily in early 2020 in view of the COVID-19 Outbreak in the first half of 2020, our financial performance subsequently improved due to the effective control of COVID-19 in the PRC resulting in the increase in demand for our services. Our revenue increased from approximately RMB103.4 million for FY2020 to approximately RMB157.6 million for FY2021. While travel restrictions and city lockdown were imposed in certain regions in China during the first half of 2022, we strategically diverted our marketing efforts to other regions which were not or less impacted by the COVID-19 Outbreak and therefore we recorded an increase in revenue from approximately RMB157.6 million for FY2021 to approximately RMB207.2 million for FY2022. During 4M2023, we recorded an increase in revenue from approximately RMB60.7 million for 4M2022 to approximately RMB75.0 million for 4M2023 as all business operations resumed to normal during 4M2023; and

- according to Frost & Sullivan, with the effective control of COVID-19, the market has gradually recovered since the second half of 2020, and basically returned to normal in 2021. With the impact of the COVID-19 Outbreak, (a) the placement of advertisement on online media platforms have gained prevalence from advertisers and brand owners in the PRC as it reaches more target audience compared with other offline media platforms; (b) advertisers and brand owners have paid more attention to the effectiveness of advertising or marketing strategies; and (c) there is growing demand for integrated branding, advertising and marketing service, which is conducive for the advertisers or brand owners to facilitating the implementation of their brand promotion strategies. As a result, in the event of future recurrence of COVID-19 Outbreak, the market is expected to remain resilient and maintain a stable development in the future mainly due to the growing demands for various services in integrated branding, advertising and marketing service market.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this document.

"4M2022"	the four months ended 30 April 2022
"4M2023"	the four months ended 30 April 2023
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 9 October 2023 and will come into effect upon [**REDACTED**] (as amended, supplemented or otherwise modified from time to time), a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board"	our board of Directors
"Business Day(s)" or "business day(s)"	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
"BVI"	British Virgin Islands

[**REDACTED**]

[**REDACTED**]

"Central China"	a geographical region of China, consisting of Hubei Province, Hunan Province, Shanxi Province, Henan Province, Anhui Province and Jiangxi Province for the purpose of this document

"China" or "PRC"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Act"	the Companies Act (as revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Huashi Group Holdings Limited (华视集团控股有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands on 18 February 2021, and references to "we", "us" or "our" refer to our Group or, where the context requires, our Company
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Chen and JaiYi Culture (for more details, please refer to the section headed "Relationship with our Controlling Shareholders" in this document); and "Controlling Shareholder" means any one of them
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the provisions set out under "Corporate Governance Code and Corporate Governance Report" in Appendix 14 to the Listing Rules

"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
"COVID-19 Outbreak"	the outbreak of COVID-19 in the PRC
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the national securities market in China
"Dabieshan Culture"	Dabieshan Culture Industry Development (Macheng) Co., Ltd.* (大別山文化產業發展(麻城)有限公司), a company established in the PRC with limited liability on 7 April 2017 and an indirect wholly-owned subsidiary of our Company
"Deed of Indemnity"	the deed of indemnity dated 9 October 2023 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in the paragraph headed "Statutory and General Information – 9. Other Information – D. Deed of Indemnity" in Appendix IV to this document
"Deed of Non-Competition"	the deed of non-competition dated 9 October 2023 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), pursuant to which our Controlling Shareholders agreed not to, among other things, engage or participate in any business which is in competition with our business, particulars of which are set out in the paragraph headed "Relationship with our Controlling Shareholders – Deed of Non-Competition" in this document
"Director(s)" or "our Director(s)"	director(s) of our Company
"Donghu Brand Research"	Donghu Brand Research Institute Company Limited* (東湖品牌研究院有限公司), a company incorporated in Hong Kong with limited liability on 20 April 2021 and an indirect wholly-owned subsidiary of our Company

"Eastern China"	a geographical region of China, consisting of Jiangsu Province, Shanghai, Zhejiang Province, Anhui Province, Shandong Province and Jiangxi Province from which our Group had generated revenue during the Track Record Period for the purpose of this document
"EIT"	enterprise income tax in the PRC
"EIT Law"	the PRC Enterprise Income Tax Law
"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry research consultant commissioned to prepare the F&S Report
"F&S Report"	a market research report commissioned by us and prepared by Frost & Sullivan on the overview of the industry in which our Group operates
"FY2016"	the year ended 31 December 2016
"FY2017"	the year ended 31 December 2017
"FY2018"	the year ended 31 December 2018
"FY2019"	the year ended 31 December 2019
"FY2020"	the year ended 31 December 2020
"FY2021"	the year ended 31 December 2021
"FY2022"	the year ended 31 December 2022
"General Rules of [**REDACTED**]"	[**REDACTED**] published by the Stock Exchange and as amended from time to time

[**REDACTED**]

"Group", "our Group", "our", "we", or "us"	our Company and all of our subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

[**REDACTED**]

"HKFRSs"	Hong Kong Financial Reporting Standards, as issued by the HKICPA
"HKICPA"	The Hong Kong Institute of Certified Public Accountants

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[**REDACTED**]

"Hong Kong dollars" or "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Huashi Brand Management"	Huashi Zhongguang Brand Management (Hubei) Co., Ltd.* (華視中廣品牌管理(湖北)有限公司), a company established in the PRC with limited liability on 7 April 2021 and an indirect wholly-owned subsidiary of our Company

"Huashi Chuangxiang"	Huashi Chuangxiang Culture Media (Hubei) Co., Ltd.* (華視創享文化傳媒(湖北)有限公司), a company established in the PRC with limited liability on 26 December 2012 and an indirect wholly-owned subsidiary of our Company
"Huashi HK"	Huashi Group Limited (華視傳媒集團有限公司), a company incorporated in Hong Kong with limited liability on 16 March 2021 and an indirect wholly-owned subsidiary of our Company
"Huashi International"	HUASHI International Group Limited (華視國際集團有限公司), a company incorporated in the BVI with limited liability on 24 February 2021 and a direct wholly-owned subsidiary of our Company
"Huashi Media"	Huashi Zhongguang International Media (Wuhan) Co., Ltd.* (華視中廣國際傳媒(武漢)有限責任公司), a company established in the PRC with limited liability on 23 February 2011 and an indirect wholly-owned subsidiary of our Company
"Hubei Jiaying Culture"	Hubei Jiaying Culture Media Company Limited (湖北嘉映文化傳媒有限公司), a company incorporated in the BVI with limited liability on 24 December 2020 which is wholly-owned by Ms. Xue
"IFRS"	International Financial Reporting Standards
"Independent Third Party" or "Independent Third Parties"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are independent of our Company and our connected persons
[**REDACTED**]	the mobile application for the [**REDACTED**] service which can be downloaded by searching "[**REDACTED**]" in App Store or Google Play or downloaded at [**REDACTED**] or [**REDACTED**]
"JaiYi Culture"	JaiYi Culture Media Limited (佳藝文化傳媒有限公司), a company incorporated in the BVI with limited liability on 24 December 2020 and one of our Controlling Shareholders

[**REDACTED**]	the [**REDACTED**] as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document
[**REDACTED**]	the [**REDACTED**] as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document
[**REDACTED**]	the [**REDACTED**] as named in the section headed "Directors and Parties Involved in the [**REDACTED**]" in this document
"Latest Practicable Date"	14 October 2023, being the latest practicable date for ascertaining certain information in this document prior to its publication

[**REDACTED**]

"Listing Committee"	the listing committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Media Partner"	a renowned Chinese internet technology company which operates various popular online media platforms in the PRC under our provision of advertisement placement services
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company, adopted on 9 October 2023 and will come into effect upon [**REDACTED**] (as amended, supplemented or otherwise modified from time to time)
"Mr. Chen"	Mr. Chen Jicheng (陳繼承), our chairman, chief executive officer, executive Director and one of our Controlling Shareholders
"Mr. Hu"	Mr. Hu Youyi (胡友意)

"Mr. Nie"	Mr. Nie Xing (聶星), one of our [**REDACTED**]
"Mr. Shen"	Mr. Shen Hui (沈輝), one of our [**REDACTED**]
"Ms. Wang"	Ms. Wang Shujin (王書錦), an executive Director
"Ms. Xue"	Ms. Xue Yuchun (薛玉春), an executive Director
"NEEQ"	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統), a PRC over-the-counter system for trading shares of public companies
"Nomination Committee"	the nomination committee of the Board
"Northern China"	a geographical region of China, consisting of Beijing, Jilin Province, Hebei Province, Shaanxi Province, Inner Mongolia, Liaoning Province, Ningxia, Xinjiang, Qinghai and Heilongjiang Province from which our Group had generated revenue during the Track Record Period for the purpose of this document

[**REDACTED**]

"PBOC"	People's Bank of China (中國人民銀行)

[**REDACTED**]

"PRC government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisers"	Tian Yuan Law Firm, our legal advisers as to the PRC laws
"[**REDACTED**] Investment"	the investments in our Company undertaken by our [**REDACTED**] before the [**REDACTED**], details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in this document
[**REDACTED**]	Mr. Nie and Mr. Shen

[**REDACTED**]

[**REDACTED**]

"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the reorganisation of the Group in preparation of the [**REDACTED**], details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in this document

"Repurchase Mandate"	a general and unconditional mandate granted to our Directors by the passing by our then Shareholders of resolutions referred to in paragraph 7 of Appendix V, pursuant to which our Directors may exercise the power of our Company to repurchase Shares, the aggregate number of which shall not exceed 10% of the aggregate number of Shares in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and options which may be granted under the Share Option Scheme)
"R&D"	research and development
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) with nominal value of US$0.05 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 9 October 2023, the principal terms of which are set forth in "Statutory and General Information – 8. Share Option Scheme" in Appendix IV to this document
"Shareholder(s)"	holder(s) of the Share(s)
"Sole Sponsor"	Rainbow Capital (HK) Limited

[**REDACTED**]

[**REDACTED**]	the [**REDACTED**], which may be entered into between JaiYi Culture as the lender and the [**REDACTED**] as the borrower on or around the [**REDACTED**]
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Substantial Shareholder(s)" or "substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023

[**REDACTED**]

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
[**REDACTED**]	[**REDACTED**], as amended, supplemented or otherwise modified from time to time
"US$" or "USD"	United States dollars, the lawful currency for the time being of the United States
"Wuyuan Fujie"	Beijing Wuyuan Fujie International Advertising Co., Ltd.* (北京無遠弗屆國際廣告有限公司), a company established in the PRC with limited liability on 5 February 2018 and an indirect wholly-owned subsidiary of our Company

"Youxin Capital"	Youxin Capital Company Limited (友鑫資本有限公司), a company incorporated in the BVI with limited liability on 29 December 2020 which is wholly-owned by Mr. Nie
"Yuanjin Culture"	Yuanjin Culture Media Company Limited (源錦文化傳媒有限公司), a company incorporated in the BVI with limited liability on 24 December 2020 which is wholly-owned by Ms. Wang
"Zhong Lun Culture"	Zhong Lun Culture Company Limited (中倫文化有限公司), a company incorporated in the BVI with limited liability on 24 December 2020 which is wholly-owned by Mr. Hu
"%"	per cent.

The English names of PRC laws, regulations, governmental authorities, institutions, and of companies or entities established in the PRC included in this document are translations of their Chinese names or vice versa and are included for identification purposes only. In the event of inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancy in any table between totals and sums of individual amounts listed in any table are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless expressly stated or the context otherwise requires, all data in this document is as at the Latest Practicable Date.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions and technical terms used in this document in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

"Ad Exchange"	a digital marketplace that enables brand owners and publisher to buy and sell advertising space, often through real time biddings. The brand owner or its agent, who pays the highest price, will get the advertising resources
"advertiser"	a person, a company or an organisation that advertises. Advertisers are generally companies which are brand owners or advertising companies controlled by the brand owners
"advertising resources providers"	ultimate advertising resources suppliers which are generally companies possessing advertising resources directly, examples of which include TV station operators, owners of websites, search engines, social media platforms, and outdoor platform
"advertising services"	traditional offline media advertising services and online media advertising services
"CAGR"	compound annual growth rate
"CPC"	cost per click, a pricing model where advertising is paid on the basis of each click of the advertisement
"CPM"	cost per mille, a pricing model where advertising is paid based on one thousand impressions of the advertisement
"CPT"	cost per time, a time-based pricing model where advertising is paid on a fixed price for a given period
"display advertising"	a type of online advertising, in which the company's promotional messages appear on third-party websites, apps or social media platforms through banners or other advertisement formats made of text, images, flash, video, and audio. It includes web banners, pop-up ads, floating ads, expanding ads, and trick banners

"gross rating point"	a standard measure for measuring the effects of advertisement. It represents the aggregate viewership from all the relevant broadcasting channels during the broadcasting period
"hard-sell advertising"	an advertising approach which is especially direct and uses insistent language, and focuses on getting a consumer to purchase a good or services in the short-term
"in-feed advertising"	a type of online advertising, that matches the form and function of the platform upon which it appears. In many cases, it manifests as either an article or video, produced by the advertiser with specific intent to promote a product or service, while matching the form and style of the platform's surroundings
"LED"	light-emitting diode, a semi-conductor light source, used for lighting and illumination in diverse applications including flashlight, mobile phones, computers, television sets, traffic lights, lamps, street lights
"OTT"	over-the-top channels that distribute streaming media content directly to viewers over the internet via open network, including subscription-based video on demand services
"prime time"	the time at which viewership is expected to be at its highest in TV broadcast
"reach rate"	estimated number of audience who viewed the advertisements as a percentage of all TV audience or defined target audience during a given period
"real time bidding"	a server-to-server buying process that allows ad space on websites to be bought and sold on a per-impression basis. Once the brand owner or its agent's bid wins the auction, the digital advertisement is instantaneously shown on the website. By applying such technologies, the brand owners can place advertisements on websites or mobile applications through third-party Ad Exchange platforms to targeted internet users which are selected according to the database relating to the users' interests, searching history, browsing history and the track of previous activities of the internet users

"search engine advertising"	a type of online advertising, where in a sponsored search, companies that wish to advertise their products or services submit product information in the form of specific keyword listings to search engines. When a consumer searches for a specific term that matches with the key words specified by the advertisers on the search engine, the advertisers' webpage appears as a sponsored link next to the organic search results. In addition, searching engine optimisation allows the advertiser to improve its website's organic search ranking in search engine results pages
"TV"	television
"verbal slogan"	verbal slogan relating to the products to be advertised presented by the hosts or the guests of a variety show
"viewership"	the number of viewers of a certain TV channel or programme during a certain period of time presented as a percentage of total TV subscribers

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "could", "continue", "estimate", "expect", "going forward", "intend", "may", "ought to", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to the following:

- our Group's business prospects;
- our Group's contracts on hand;
- future developments, trends and conditions in the industry and markets in which we operate;
- our Group's business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which our Group operate;
- changes to the regulatory environment and general outlook in the industry and markets in which our Group operate;
- the effects of the global financial markets and economic crisis;
- our Group's financial position;
- our Group's ability to reduce costs;
- our Group's dividend;
- the amount and nature of, and potential for, future development of our Group's business;
- various business opportunities that our Group may pursue;
- capital market developments;

- our Group's ability to source advertising resources;
- fluctuation in the prices of advertising resources and our Group's ability to pass-through any increases in price to customers;
- our Group's ability to protect our Group's intellectual property rights;
- our Group's ability to hire and retain talented employees;
- the actions and developments of our competitors and our Group's ability to compete under these actions and developments;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other factors beyond our Group's control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

[**REDACTED**] *should consider carefully all the information set forth in this document and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the* [**REDACTED**]. *The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial positions and prospects of our Group.*

This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this document. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. The trading price of the [**REDACTED**] *could decline due to any of these risks, and you may lose all or part of your investment.*

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorised these risks and uncertainties into: (i) risks relating to our Group; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; (iv) risks relating to the [**REDACTED**]; and (v) risks relating to statements made in this document.

RISKS RELATING TO OUR GROUP

The income generated from our business is generally project-based and non-recurring in nature and our future business depends on our continuous ability in securing new projects.

Our business are generally conducted on a project basis, where we charge our customers on a cost-plus approach. For some projects, tendering is required and we have to prepare the relevant tender documents. As such, our revenue is generally non-recurring in nature. We typically enter into short term agreements with our customers based on their marketing objectives and needs for a term of not more than 12 months. For FY2020, FY2021, FY2022 and 4M2023, approximately 52.2%, 26.2%, 26.8% and 32.2% of our total revenue were derived from our five largest customers in each year or period during the Track Record Period, respectively. Our success depends on our ability to maintain relationships with our existing customers and to attract new customers. There is no guarantee that we will be able to identify new potential customers successfully and if required, win the tendering of projects in the future. There is no assurance that our existing customers will continue to engage us to provide branding, advertising and event execution and production services for their marketing needs. As such, our operations and financial results may be adversely affected.

Our revenue, profitability and results of operations are affected by the service mix of such services.

Our branding, advertising and market services are primarily conducted on a project basis. For all types of services that we provide, we generally charge our client a fixed service fee which is determined on a project basis. As a result, our revenue, profitability and results of operations are affected by the service mix of such services. During the Track Record Period, our Group generated revenue primarily from (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services; and (v) provision of advertisement placement services. Our gross profit margins may vary for different type of branding, advertising and market services and projects attributable to our different service portfolios, depending on a wide range of factors such as type of services provided, cost of services and pricing strategies. Our service mix may change over time and the magnitude of such change has a direct impact on our revenue and profitability. Our Group's ability to maintain our gross profit margin also depends on the intensity of market competition, market supply and demand, product quality and the costs of advertising resources. During the Track Record Period, our overall gross profit margin amounted to approximately 41.5%, 36.6%, 49.9% and 62.3%, respectively.

There is no assurance that we are able to maintain our service mix, and thus, our revenue, profitability and financial performance. If our Group fails to maintain its competitive strengths, we may lose our current market share in our principal business in providing branding, advertising and marketing services and our revenue may decrease, which may have a material adverse effect on our business, financial position and results of operations.

Failure to anticipate and quickly respond to evolving consumers' needs and preferences for marketing will negatively affect our business, financial position and results of operations.

The success of our business in providing branding, advertising and marketing services largely depends on our ability to anticipate and respond to consumers' tastes and preferences for marketing methods. Consumers' needs and preferences for marketing services, however, may change quickly and frequently which we may not be able to anticipate and quickly respond to. If we are unable to adjust our services to address the evolving consumers' needs and preferences, the demand for our services may decrease, as our services will be less successful in promoting our customers' products and services and meeting their marketing objectives. This hampers our ability to retain existing customers and attract new customers. Decreased demand for our services will adversely affect our business, financial position and results of operations.

If we fail to achieve the marketing objectives of our customers, our financial performance may be adversely affected.

We offer branding, advertising and marketing services to serve the marketing objectives of our customers. In general, we will communicate with our customers to understand their marketing objectives when we are formulating a proposal for our customers. After presenting the proposal to our customers, the content of the proposal and our scope of services may be fine-tuned with reference to the feedbacks from our customers.

After we are engaged by the customers to implement their branding, advertising or marketing proposals, we are subject to various risks which include, but are not limited to, changes of marketing plan or objectives of our customers, changes in market taste and industry trend, venue cancellation, technical issues and unexpected weather conditions. If our customers terminate our services or delay their payment to us, it could have an adverse effect on our cash flow and results of operations.

Furthermore, although we did not experience any contractual liability during the Track Record Period, if we are unable to procure or source the specific branding and advertising resources which we have committed to our customers, and we are unable to otherwise satisfy our customers' branding and advertising needs through other means, we may be subject to contractual liability, which can be up to 20% of the total contract sum and other uncovered economic losses. In such case, our financial position and results of operation will be negatively impacted. According to Frost & Sullivan, such basis of determining the contractual liability is in line with the industry norm that parties in breach are generally required to pay liquidated damages from approximately 5% to 20% of the total consideration and/or other uncovered damages.

Most of our customers assess our performance based on our effectiveness in achieving their marketing objectives as set out in the scope of work and/or key performance indicators in the contracts with the clients and/or verbally agreed pursuant to our discussions with them. If our branding, advertising or event execution and production services are not able to achieve the customers' desired marketing objectives, or if we fail in the projects or events that we organise and/or manage, or if there are any quality issues or accidents which occur during the provision of our services, our relationships with our customers, reputation and results of operations may be adversely affected. In such circumstances we may lose customers and the opportunity to be engaged in future projects.

We rely on research institutes for provision of our branding services.

During the Track Record Period, we generated a majority of our revenue from our branding services, accounting for approximately 59.2%, 47.5%, 43.7% and 38.3% of our total revenue for FY2020, FY2021, FY2022 and 4M2023, respectively. We provide branding services to our customers where we conduct market research primarily through research institutes and formulate customised brand building and marketing proposals for our customers covering various areas, including corporate brand building, product and/or services positioning, logo and advertisement designing and marketing and sales strategies. We engage research institutes, such as two renowned universities with market research expertise in Central China to conduct certain market research and data analysis on related industries for our customers. During the Track Record Period, one of the two renowned universities with market research expertise in Central China was one of our top five suppliers, accounting for approximately 13.9%, 10.2%, 8.3% and 17.6% of our total cost of services provided by suppliers for FY2020, FY2021, FY2022 and 4M2023, respectively. The success of our business is to a certain extent dependent upon our ability to continuously cooperate with research institutes to cater our customers' needs. For details of the capabilities of the research institutes, please refer to the paragraph headed "Business – Collaboration with research institutes" in this document.

If we are unable to continue to engage the aforesaid universities or other research institutes or identify alternative research institutes of similar caliber or at all, or if the market research performed by them fails to assist us in identifying the latest market and industry trends and detecting the preferences and potential demands from the target audience of our customers accurately, our reputation, business performance, financial position and profitability may be adversely affected.

We engage third-party service providers to provide various services. Their failure to provide us with timely and high-quality products or services may materially and adversely affect our business operations.

We may, from time to time, engage third-party service providers as required for services, including but not limited to, advertising resources providers and advertising agents which possess specific advertising resources, public relations firms which execute marketing campaigns and activities, production houses which produce advertisements and third-party market research institutes which conduct market research and data analysis. If they fail to deliver their products or services on time, we may not be able to fully discharge our obligations and carry out the scope of work as agreed under the contract with our customers.

In addition, any failure by the third-party service providers to deliver us with timely and high quality products or services could have a negative impact on our brand and reputation, and consequently on our business operations.

Our knowledge and expertise on our branding, advertising and marketing services may become obsolete.

The industry standards, market practice and our customers' requirements relating to our branding, advertising and marketing services are subject to changes. We may need to incur significant costs in order to understand and adapt to any new marketing methods and market trends in order to avoid being eliminated by other competitors in the market. If we fail to keep pace with changing technologies and market trends and to introduce successful and well-accepted services for our existing and potential customers, we could lose our customers and market share, and our ability to generate revenue could be adversely affected.

In addition, our competitors may develop other creative marketing services which are different from or superior to our branding and advertising proposals, or event execution and production services. In such case, our knowledge and expertise in the industry may become obsolete or less competitive. If any of these factors materialises, our competitiveness, business, results of operations and profitability may be adversely affected.

We rely on the online media platforms of the Media Partner to place online advertisements for our provision of advertisement placement services during the Track Record Period. If we fail to maintain our business relationship with the Media Partner or if it loses its market position or popularity among the public, our business, financial condition and results of operations could be materially and adversely affected.

Since FY2022, we placed online advertisements for our customers on the online media platforms of the Media Partner for our provision of advertisement placement services. We signed the first framework agreement with the Media Partner in January 2022 and formally commenced our business cooperation with the Media Partner since May 2022. For FY2022 and 4M2023, we generated revenue of approximately RMB24.9 million and RMB18.7 million from provision of advertisement placement services (including rebates from Media Partner), representing approximately 12.0% and 24.9% of our total revenue for FY2022 and 4M2023, respectively. Our cooperation with the Media Partner is on a non-exclusive basis and is subject to renewal each year. Our annual framework agreement and agency certificate with the Media Partner generally starts from 1 January and expires on 31 December of each year. We generally approach the Media Partner prior to the expiry of the annual framework agreement and agency certificate for the renewal of our cooperation with the Media Partner in the next year. We have successfully renewed our annual framework agreement and agency certificate with the Media Partner for the period from 1 January 2023 to 31 December 2023. In the event that the Media Partner ceases to cooperate with us or we fail to maintain our business relationship with the Media Partner on comparable contract terms or renew the agency certificate, we will have to source new online media platform partners for our provision of advertisement placement services, which could materially and adversely affect our business, financial condition and results of operations.

The Media Partner grants us rebates based on our gross spending of advertisement placements on their online media platforms. There is currently no requirement on the minimum spending or transaction amount of advertisement placements on their online media platforms in order for us to enjoy the rebates from them. However, there is no assurance that the Media Partner will not change their policy and set minimum spending in order for us to enjoy the rebates in the future. In the event that the Media Partner sets such minimum spending and we are unable to meet such requirement, we may not be able to enjoy the rebates from the Media Partner and our financial performance may be adversely affected.

Further, in the event the Media Partner loses its market position, or its online media platforms become less attractive to the public, it may lead to a significant decrease in its audience base and, in turn, affect the reach and popularity of our provision of advertisement placement services, and further affect their attractiveness to our customers. As a result, we may fail to retain existing customers or attract new customers for our provision of advertisement placement services and hence our business and results of operations could be materially and adversely affected.

Additionally, any negative publicity associated with the Media Partner, or any negative development with respect to its market positions, financial condition, maintenance of its platform infrastructure or compliance with legal or regulatory requirements in the PRC, would have an adverse impact on the attractiveness of its platforms and effectiveness of our advertisements, which in turn would materially and adversely affect our reputation, business, financial condition, and results of operations.

We rely on our Directors, senior management and other key personnel in operating and managing our business. Our business and operations may be severely disrupted and our performance may be adversely affected if we lose their services, or if we are unable to recruit additional qualified personnel as our business expands.

The success of our business depends to a large extent on the concerted efforts and extensive managerial and operational experience of our key personnel including our executive Directors (comprising Mr. Chen Jicheng (陳繼承先生), Ms. Wang Shujin (王書錦女士), Mr. Zhang Bei (張備先生) and Ms. Xue Yuchun (薛玉春女士)) and members of our senior management (in particular, Mr. Yang Long (楊龍先生) and Ms. Lyu Lu (呂露女士)) who are the core team members of our strategic formulation department, media operation department and sales and business operation department. We believe that our ability to expand our business relies on the extensive industrial, managerial and operational experience of our key personnel. For details of the biographies of our executive Directors and members of the senior management, please refer to the section headed "Directors and Senior Management" in this document. There is no assurance that our current key personnel will not leave our Group. Failure to retain any of our key personnel could be detrimental to our ongoing operations.

Our future success also depends on our ability to attract, retain and motivate qualified personnel in order to sustain our existing operations as well as our future growth. If we are not able to attract and retain skilled and experienced employees, our business, operations and financial performance may be materially and adversely affected.

We have concentrated supplier base and any increases in price of their services or advertising resources could materially and adversely affect our results of operations, financial position and prospects.

We rely on our business cooperation with our suppliers, most of which are (i) advertising resources providers, such as TV station operators, operators and/or owners of websites, search engines, social media and e-commerce platforms, and outdoor platforms; (ii) advertising agents in the PRC, for procuring or sourcing advertising resources for our traditional offline and online media services; and (iii) research institutes for conducting market research for our branding services during the Track Record Period. For FY2020, FY2021, FY2022 and 4M2023, our aggregate cost of services from our five largest suppliers in each year or period during the Track Record Period accounted for approximately 68.1%, 44.7%, 42.1% and 70.5% of our total cost of services provided by suppliers, and our cost of services from our largest supplier accounted for approximately 23.9%, 10.4%, 9.4% and 26.3% of our total cost of services provided by suppliers, respectively.

During the Track Record Period, we generally contracted with our suppliers on a project basis. For certain suppliers for traditional offline and online media resources, we entered into framework agreements with them for a term of six months to 22 months to record our intention to cooperate with each other. However, these agreements do not contain clauses that guarantee the availability of the type and quantity of the advertising resources, or the automatic renewal thereof upon expiry, or limit or control the price at which advertising resources are supplied to us. As such, there is no assurance that we could secure future advertising resources or services at favourable terms, or at all from our suppliers and continue our business cooperation with them. If the suppliers decide to increase the price of the advertising resources or services to us and we could not pass the increase in procurement costs to our customers, or if our suppliers choose not to supply their advertising resources or services to us and we are unable to find suitable alternative suppliers, our results of operations and financial position would be materially and adversely affected.

Our cash flow may deteriorate due to advanced payments made to our suppliers before sales proceeds are received from our customers which may negatively affect our business, financial position and results of operations.

We generally grant credit terms to our customers for up to 90 days upon completion of key stages of the project and are required to make prepayments for some of our suppliers. As a result, there are often time lags between the payments made to our suppliers and the receipt of payments from our customers, resulting in potential cash flow mismatches. As at 31 December 2020, 2021, 2022 and 30 April 2023, our total trade receivables were approximately RMB23.0 million, RMB32.0 million, RMB102.6 million and RMB161.3 million, while our average trade receivables turnover days were approximately 65.8 days, 63.7 days, 118.6 days and 211.1 days, respectively. We also made allowance for impairment loss on trade receivables of approximately RMB3.2 million, RMB3.2 million, RMB8.2 million and RMB12.0 million as at 31 December 2020, 2021, 2022 and 30 April 2023, respectively. There is no assurance that our customers will settle their payments when they fall due, or at all. Delay or default in payments from our customers may cause challenges for us to manage our working capital and/or adversely impact our liquidity. Further, our efforts in strengthening our trade receivables collection and management may be in vain, and we cannot assure you that we will be able to fully recover the outstanding amounts due from our customers, if at all, or that our customers will settle the amounts due in full in a timely manner. We may have to raise funds by resorting to internal resources and/or additional banking facilities in order to meet our payment obligations in full and on time, and our cash flows and results of financial position may be materially and adversely affected.

We recorded net cash used in operating activities of approximately RMB29.3 million for FY2022. If we record net cash outflow from operating activities in the future, our liquidity and financial condition may be materially and adversely affected.

We recorded net cash used in operating activities of approximately RMB29.3 million for FY2022. Please refer to the paragraph headed "Financial Information – Liquidity and financial resources – Cash flow" in this document for further details.

We cannot guarantee that prospective business activities of our Group and/or other matters beyond our control (such as market competition and changes to the macroeconomic environment) will not adversely affect our operating cashflow and lead to net operating cash outflows in the future. If we continue to face net operating cash outflows in the future, (i) we may not have sufficient working capital to cover our operating costs and we may have to fund our operating costs by obtaining bank borrowings. There is however no assurance that we will succeed in obtaining bank borrowings at terms favourable to us and we may incur significant finance costs for any such bank borrowings; and (ii) our liquidity may be adversely affected and we may not be able to meet our payment obligations, such as our trade payables. This may materially and adversely affect our business, financial position and results of operations.

We are subject to credit risk of our customers which may adversely affect the financial position, profitability and cash flow of our Group.

We are subject to credit risk of our customers and our profitability and cash flow are dependent on our receipt of timely payments from our customers. If there is any delay in payment by our customers, our profitability, working capital and cash flow may be adversely affected. There is no assurance that we will be able to collect all or any of our trade receivable in a timely manner, or at all. As at 31 December 2020, 2021, 2022 and 30 April 2023, our trade receivables amounted to approximately RMB23.0 million, RMB32.0 million, RMB102.6 million and RMB161.3 million, respectively, while our average trade receivables turnover days were approximately 65.8 days, 63.7 days, 118.6 days and 211.1 days, respectively. We also made allowance for impairment loss on trade receivables of approximately RMB3.2 million, RMB3.2 million, RMB8.2 million and RMB12.0 million as at 31 December 2020, 2021, 2022 and 30 April 2023, respectively. If any of our customers faces unexpected situations, including but not limited to, financial difficulties or deterioration in credit worthiness, we may not be able to receive full or any payment of uncollected sums or enforce any judgment debts against such customers. In addition, there may be a risk of default in payment by our customers from their respective credit period, which in turn may also result in an impairment loss. There is no assurance that we will be able to fully recover our trade receivables from our customers or that they will settle our trade receivables in a timely manner. In the event the settlements from our customers are not made on a timely manner or at all, the financial position, profitability and cash flow of our Group may be adversely affected.

Expansion of our online media advertising services and provision of advertisement placement services will expose us to increased risks and there is no assurance that such expansion will be successful.

During the Track Record Period, approximately 17.9%, 29.3%, 35.2% and 40.9% of our total revenue were generated from provision of online media advertising services and provision of advertisement placement services (including the rebates from the Media Partner), respectively. According to Frost & Sullivan, the expenditure of advertisers in online advertising market in the PRC expanded from RMB351.8 billion in 2017 to RMB766.2 billion in 2022, representing a CAGR of 16.8%. To continue capturing the growing business opportunities in the online advertising services market in the PRC, we intend to strategically expand our online media advertising services through (i) enhancing our online advertising platform; and (ii) developing our in-house content production capabilities. However, given that we only started to provide online media advertising services and provision of advertisement placement services since 2018 and 2022, respectively and that online media advertising is a rapidly evolving industry, there is no assurance that we are able to expand our business and reliably predict our future performance. We may also encounter unforeseen technical or operational problems and other unknown factors which may have a material impact on our operation, business, results of operations and prospects.

Further, we may encounter difficulties in expanding our online media advertising services and provision of advertisement placement services due to a number of reasons, such as: (i) intense competition from competitors already established in the market; (ii) inability to successfully apply our experience and expertise gained from the traditional offline media advertising services to the online media advertising and provision of advertisement placement services; (iii) challenges in adapting to the rapidly changing market trend and consumer preferences; (iv) exposure to new regulations in the online media advertising market and provision of advertisement placement services that may affect our business; and (v) inability to attract and retain experienced personnel in the online media advertising industry. As disclosed in the section headed "Regulatory Overview" in this document, the advertising industry is mainly regulated under the "The Advertising Law of the PRC (中華人民共和國廣告法)" and "The Interim Measures for the Administration of Internet Advertisements (互聯網廣告管理暫行辦法)". There is no assurance that the government will not broaden the scope of regulation of the content of advertisements or operation of online media platforms in the future and any new or broadened regulatory measures or oversight may cause us to incur higher compliance costs, change or adjust our operational strategies or promotional models, and thereby adversely affect our business and results of operations.

Any failure in expanding our online media advertising services and provision of advertisement placement services, especially if we have devoted significant resources and management time to it, may materially and adversely affect our expansion plan and business prospects, as well as our results of operations and financial position.

Our online media advertising and provision of advertisement placement services business may be subject to the risk of disintermediation which could materially and adversely affect our financial condition and operating result.

We provide intermediary services to assist our customers to identify and select the relevant online advertising resources suppliers so that the advertisements of our customers could be placed on a wide variety of online platforms such as websites, search engines, applications and social media platforms. While our revenue generated from online media advertising services significantly increased from approximately RMB18.5 million for FY2020 to approximately RMB48.1 million for FY2022 and we recorded revenue of RMB24.9 million and RMB18.7 million for provision of advertisement placement services (including the rebates from Media Partner) in FY2022 and 4M2023, respectively, our success depends on, among others, our customers' preference to rely on advertising services providers, such as our Group, to liaise with various suppliers of online media advertising resources for placement of online advertisements and the continuation of thebusiness strategies of the suppliers of online media advertising resources to secure orders for online advertisement placements through advertising services providers for streamlining their advertisement placement process. There is no assurance that our customers will continue engaging us to provide online media advertising services and advertisement placement services. Moreover, we generally do not enter into exclusive agreement with our suppliers, which may decide not to engage us if they change their business practice to approach our customers directly to secure orders for placement of online advertisements. Any occurrence of the disintermediation events as discussed above may lead to a decrease in the demand for our online media advertising services and provision of advertisement placement services which could materially and adversely affect our financial condition and operating results.

Our business may be affected by seasonal fluctuations in demand for our branding, advertising and marketing services from customers in different industries.

The results of our operations and revenue may be affected by seasonal fluctuation in demand for our branding, advertising and marketing services from customers in different industries. Our Directors consider the demand for our advertising services from our customers relates to the consumption pattern and other seasonal factors of consumers on the advertised products or services. Based on our past experience during the Track Record Period, our revenue is typically higher in the second half of the year as a large proportion of marketing activities is concentrated on products or services newly launched or promotional campaigns held prior to the holiday seasons in the summer holidays, Mid-Autumn Festival, National Day, the Double 11 Online Shopping Festival and New Year's Eve. We expect such trends will continue upon the [**REDACTED**]. However, we cannot assure you that the historical trend and/or seasonality of the demand from our customers will continue to the same extent, or at all, or that we will be able to predict such fluctuation pattern in the future. Thus, an analysis of our interim financial performance may not be indicative of our full-year results and [**REDACTED**] should be reminded of this factor when making any comparison of our interim and annual results of operations.

We may not be able to sustain our recent growth.

We have expanded substantially in recent years. Our revenue increased by approximately 52.4% from FY2020 to FY2021, 31.4% from FY2021 to FY2022 and 23.7% from 4M2022 to 4M2023. Our recent growth was primarily due to, among others, (i) the general growing market demand or branding, advertising and marketing services as a result of market recovery after the COVID-19 Outbreak; (ii) the increase in number of customers as a result of our proven track record and reputation; (iii) the increasing demand from customers who wish to promote their businesses by organising marketing events after the COVID-19 Outbreak; (iv) the increase in number of customers who wish to promote their businesses by online media advertising, leading to an increase in revenue from provision of branding services, online media advertising services and event execution and production services; and (v) the commencement of our provision of advertisement placement services in FY2022. As competition in the PRC advertising industry intensifies, it may become more difficult for us to sustain or further increase our revenue and our expansion plan may be unsuccessful. Hence, we may not be able to sustain the growth rate we achieved in the past.

We enjoy certain preferential tax treatments from the PRC government. Expiration of, or changes to, these preferential tax treatments could have an adverse effect on our operating results.

Huashi Media has obtained the accreditation of "High and New Technology Enterprise" (高新技術企業) in November 2017 and renewed such accreditation in December 2020, with a validity period of three years, from competent authorities in accordance with the relevant regulations. According to the EIT Law, Huashi Media is therefore entitled to a preferential EIT rate of 15% as a High and New Technology Enterprise. The amount of tax savings from the preferential tax policies was approximately RMB2.8 million, RMB2.0 million, RMB4.9 million and RMB3.1 million for FY2020, FY2021, FY2022 and 4M2023, respectively.

Upon expiry of the accreditation as a High and New Technology Enterprise, Huashi Media is required to submit financial statements together with details of research and development activities and other technological innovation activities to the applicable government authority for renewal of the accreditation. If Huashi Media fails to renew the "High and New Technology Enterprise" accreditation when it expires or our currently available tax benefits become unavailable as a result of adjustment to the relevant income tax laws and regulations or the implementation of other laws and regulations, and we are not entitled to any preferential EIT rate thereunder, the EIT rate of Huashi Media could increase, which could have an adverse effect on our business, results of operations and financial condition.

Our business operations may be affected by the COVID-19 pandemic.

An outbreak of respiratory illness caused by a novel coronavirus, namely COVID-19, was identified in late 2019 and spread globally. In March 2020, the World Health Organization characterised the COVID-19 Outbreak. Significant increase in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as locking down of cities, travel restrictions, quarantines and business shutdowns. The COVID-19 Outbreak is expected to have an unprecedented impact on the global economy as it has significantly reduced market liquidity and depressed the economic activities.

While we do not expect COVID-19 pandemic to have a significant adverse impact on our business operation or financial position in the long run, we are uncertain as to when the COVID-19 pandemic will be completely eliminated in China and globally, and we also cannot guarantee whether the COVID-19 pandemic will have a long-term impact on our business operations. If we are not able to effectively and efficiently operate our business and implement our strategies as planned, we may not be able to grow our business and generate revenue as anticipated, and our business operations, financial condition and prospects may be materially and adversely affected.

We may be involved in legal and other proceedings arising from our operations from time to time and may face significant liabilities as a result.

We may be involved in disputes arising from our operations. These disputes may lead to various legal or other proceedings and may result in substantial costs, damages to our brand and reputation and a diversion of resources and management's attention. We cannot assure you that we will not be involved in any major disputes or legal or other proceedings in the future, which could adversely affect our financial condition or results of operations. In addition, from time to time, our Directors and senior management may be parties to litigation or other legal proceedings. Even though we may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

Unauthorised use of our intellectual properties, including our trademarks, copyrights and domain names, by third parties may adversely affect our business.

Our success depends to a certain extent on our ability to maintain an image for our brand name, trademarks, copyrights and domain names as well as our ability to defend ourselves against potential infringement claims by any third-party. We use our best endeavours to protect our intellectual property rights. There is no assurance that our measures are adequate or that we will always be able to identify cases of infringement such as unauthorised use of our trademarks, copyrights and domain names by any other third parties. We may face considerable difficulties and time consuming and costly litigations in order to enforce our intellectual property rights. Accordingly, any case of such infringements may adversely affect our financial position and damage our brand name and reputation.

We may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business and results of operations.

We cannot be certain that our operations do not or will not infringe upon or otherwise violate intellectual property rights or other rights held by third parties. We may in the future be subject to legal proceedings and claims from time to time relating to the intellectual property rights or other rights of third parties. There may also be third-party intellectual property rights or other rights that are infringed by our services or other aspects of our business without our awareness. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

The application and interpretation of the PRC's intellectual property laws, the procedures and standards for granting trademarks, copyrights, know-how or other intellectual property rights in the PRC, and the laws governing personal rights are still evolving, and we cannot assure you that PRC courts or regulatory authorities would rule in favor of us if there are any third-party claims brought against us.

If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property or relevant contents, and we may incur licensing or usage fees or be forced to develop alternatives of our own. This may adversely affect our brand, reputation, financial position and results of operations.

We may not be able to obtain additional funding on acceptable terms or at all, which may affect our ability to expand our business or meet unforeseen contingencies.

From time to time, we may require additional liquidity due to business and economic conditions, to take advantage of business opportunities, to expand our operations or as a result of other future developments. If our current sources of liquidity are insufficient to satisfy our cash requirements, we may obtain funds by issuing additional equity, issuing debt securities or obtaining a credit facility from financial institutions. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financial covenants that would restrict our operations, while the sale of additional equity securities or convertible debt securities would result in dilution of shareholding to shareholders.

Our ability to obtain additional capital on acceptable terms is subject to a variety of risks and uncertainties, including:

– investors' perception of, and demand for, securities of companies in the integrated branding, advertising and marketing service industry;

– conditions of the capital markets in which we may seek to raise funds; and

– our future results of operations, financial positions and cash flows.

There is no assurance that we will be able to obtain additional financing or other sources of funds, or at all, at favourable terms that are comparable to or better than those offered to our competitors. Our business performance, financial position and profitability may be affected if we are unable to obtain funds as and when needed.

Successful implementation of our business strategies and future plans are subject to uncertainties.

We plan to achieve our business growth by implementing a series of strategies, including (i) strengthen our data analytical capabilities and further enhance our branding services; (ii) continue to expand our online media advertising services; (iii) expand the geographical reach of our services; and (iv) further improve our brand recognition and increase our marketing efforts. For further details, please refer to the paragraph headed "Business – Business strategies" and the section headed "Future Plans and [**REDACTED**]" in this document.

There is no guarantee that we will be able to implement our business strategies and future plans successfully, as they are subject to uncertainties and changing market conditions. Our plans for development and business expansion are formulated based on the prevailing market conditions and industry development which may change over time.

If we are unable to implement our expansion plans and our business strategies successfully or effectively, our business, profitability and financial conditions in the future may be materially and adversely affected. Further, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate. The profit from our implemented plans may not be sufficient to justify the start-up expenses and the increased operating costs incurred for our business strategies and future plans.

The implementation of our business strategies may lead to change of the cost structure of our branding services and we may be subject to operational risks arising from the branding data platform.

During the Track Record Period, our Group relied on third party institutes and universities for obtaining market data for our branding services. As disclosed in the paragraph headed "Business – Business strategies" in this document, in order to reduce our Group's reliance on third party research institutes and strengthen our data analytical capabilities, we intend to establish our own branding data platform and R&D database. Through the establishment of our own branding data platform and R&D database, we will be able to possess and accumulate the market intelligence and market data of an increasing number of industries from time to time, thereby gradually reducing our reliance on third party research institutes for obtaining market data for our branding services projects. It is expected that we will be able to save the research expenses for engaging research institutes and lower the costs incurred by us for branding services projects, thereby increasing the profit margins in the long run. This may result in change of the cost structure of our branding services in the future. However, there is no assurance that our branding data platform will not be subject to malfunction, system breakdown or computer virus in the future. If any of the above situations occurs, this may result in data loss or interruption to the operation of our branding data platform and lead to delay in the execution or delivery of the branding services to our customers.

If we experience information and technological system failures, our business operations could be significantly disrupted.

Our business operations and success depend on the stable performance of our information technology system, which we utilise to, among other things, improve our efficiency in administering and operating our business. Any system failure that affects our ability to provide services to customers could significantly reduce the attractiveness of our services to customers and reduce our revenue. Our systems are vulnerable to a variety of events, including, among others, telecommunications failures, power shortages, malicious human acts and natural disasters. In addition, any steps to increase the reliability and to avoid the redundancy of our information technology system may not be effective and may not be successful in preventing future system failures.

We may be subject to penalties from the PBOC or adverse judicial rulings as a result of making a loan to a third-party enterprise during the Track Record Period.

During the Track Record Period, we made an unsecured loan (the "**Loan**") in the principal amount of RMB20,000,000 to a third-party enterprise (the "**Borrower**") which was principally engaged in construction in Hubei Province, at an interest rate of 4.35% per annum for a term of three months from 1 January 2021 to 1 April 2021 for its operational use. Mr. Chen has acquainted with the ultimate beneficial owner of the Borrower through a mutual business friend. To the best knowledge of our Directors, each of the Borrower, its shareholders, directors and senior management does not have any past or present relationship (whether shareholding, employment, business, trust or otherwise), transaction (including financing or fund flow), agreement or arrangement with the Company, its subsidiaries, shareholders, directors or senior management or any of their respective associates. In December 2020, the Borrower experienced a cash flow shortage in the course of its business expansion and approached Mr. Chen to take out the Loan from our Group. Prior to making the Loan, we have considered factors including but not limited to the background and the repayment ability of the Borrower, no negative findings on the Borrower's credibility, the purpose of the Loan, the term of the Loan, the expected interest income amount and the Group's cashflow position. Given that the interest rate charged was determined with reference to the one year interest rate of the People's Republic Bank of China, and within the range of interest rate of our bank borrowings and it was a short-term loan with a term of three months only, the Board considered that the Loan was beneficial to our Group as it will generate an immediate short-term interest income to our Group. We recorded interest income of approximately RMB217,500 from the Borrower for FY2021. As at the Latest Practicable Date, the Loan has been fully settled without any disputes between the parties.

According to the General Lending Provisions (《貸款通則》) promulgated by the PBOC in 1996 (the "**General Lending Provisions**"), financing arrangements or money lending between non-financial institutions are prohibited. The PBOC may impose on the non-compliant lender a fine equivalent to one to five times of the income generated (being interests charged) from loan advancing activities between enterprises. Notwithstanding the General Lending Provisions, the Supreme People's Court has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions in the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) last amended in December 2020 (the "**Private Lending Provisions**"), in which the Supreme People's Court recognises the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as, among other, the enterprises entered into a loan agreement and the interest rates charged do not exceed four times of the quoted interest rate within one year of the loan agreement. In addition, the Private Lending Provisions and Civil Code of the PRC (《中華人民共和國民法典》) set out situations that allow the People's Court to void a loan agreement.

As advised by our PRC Legal Advisers, the risk of us being penalised by the PBOC is remote on the basis that (i) the above Loan is valid inter-company loan that is generally supported by the court in the PRC under the Private Lending Provisions; and (ii) such Loan did not violate any compulsory requirements under the PRC laws and administrative regulations and the relevant principal and interests had been fully settled as at the Latest Practicable Date.

Save as disclosed herein, we have not made any other similar loans to third parties and we do not intend to make such loans or advances in the future. However, we cannot assure you that we will not be subject to penalties from the PBOC or adverse judicial rulings in the future.

Our Group has adopted the following enhanced internal control measures to prevent the recurrence of loan provided to third-party enterprise in the future:

(i). revising our Group's written policy and procedures that any loan provided to any third party enterprise is strictly prohibited;

(ii). providing legal training to our Directors, senior management and the finance department in respect of the General Lending Provisions;

(iii). prior to [**REDACTED**], any loan arrangements to third parties shall be reviewed by (a) each independent director (i.e. all directors except the director who, or his/her associates, is interested in such loan or connected with the borrower); and (b) each independent shareholder (i.e. all shareholders except the shareholder who, or his/her associates, is interested in such loan or connected with the borrower) to confirm the compliance with the General Lending Provisions;

(iv). upon [**REDACTED**], any loan arrangements to third parties shall be reviewed by (a) each independent non-executive Director of our Company (except the independent non-executive Director who, or his/her associates, is interested in such loan or connected with the borrower) to confirm the compliance with the General Lending Provisions; and (b) if required, the shareholders of our Company in accordance with the requirements under the Listing Rules; and

(v). our executive Directors and the financial supervisor of our Company will closely monitor our Group's compliance of the General Lending Provisions, perform review on the transactions on a monthly basis and report to the Board for any irregularities noted.

Negative publicity about us, our services, management and/or brand, as well as products and services of our customers may have an adverse impact on our reputation and business.

We may from time to time receive negative publicity about us, our management and/or our business. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. We may even be subject to government or regulatory investigation and may be required to spend significant time and incur substantial costs to defend ourselves against such investigation, and we may not be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Harm to our reputation and confidence of advertisers and media can also arise for other reasons, including misconduct of our employees or any third-party business partners whom we conduct business with. Our reputation may be materially and adversely affected as a result of any negative publicity, which in turn may cause us to lose market share, advertising customers, industry partners, and other business partnerships.

In addition, if the brands, products and/or services of our customers receive negative publicity, it may have an adverse impact on the reputation of their brands, products and/or services and our services may become ineffective. As a result, our services may not be able to achieve the marketing objectives of our customers, and our relationship with our customers, our reputation and results of operations may be adversely affected.

Any future natural disasters, acts of God, outbreak of any contagious disease or epidemics in the PRC or any other force majeure events that are beyond our control may adversely affect our business, results of operations, financial position and prospects.

Natural disasters, epidemics and other acts of God, and other force majeure events, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of people in the PRC. People in the PRC may be under threats of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics such as COVID-19, Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, H7N9 avian flu or H1N1 human swine flu.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. If in the future any of our employees or our customers in our office are suspected of having COVID-19, SARS, H7N9 avian flu, H5N1 avian flu or H1N1 human swine flu, or any other epidemics, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees. We may also be required to disinfect the affected properties and thereby suffer a temporary suspension of our operations. Any quarantine or suspension of our operations will affect our business and results of operations. A recurrence of COVID-19, SARS or an outbreak of any other epidemics in the PRC, such as the H7N9 avian flu, H5N1 avian flu or the H1N1 human swine flu, may result in material disruptions to our operations and delays in meeting our customers' demand, which in turn could have a material adverse effect on our business, results of operations and financial position.

Consequently, we are uncertain as to when the COVID-19 will be fully contained, and we also cannot predict if the impact will be short-lived, recurring or long-lasting. We were granted COVID-19-related rent concessions of approximately RMB821,000 from lessors of our leased properties for FY2020 but there is no certainty as to whether we may continue to receive such concessions, or at all, if COVID-19 continues. If the COVID-19, or any similar adverse public health developments, are not effectively contained, our business operations and financial condition may be materially and adversely affected, which may make us fail to materialise our future growth as planned.

Our business may also be affected by force majeure events that are beyond our control. Examples of force majeure events are natural disasters and change of the policies of the PRC government such that certain topics are categorised as not complying with the policies of the PRC government. As a result, the relevant advertisements may not be broadcasted or published or that they may not turn out as effective as we have expected. Although we generally have force majeure clause in the agreements with our customers to avoid liabilities arising from these events, our income would be reduced as our contract could not be completed. This could materially and adversely affect our business, financial position and results of operations.

RISKS RELATING TO OUR INDUSTRY

Our Group operates in a competitive industry and we may face fiercer competition if there are new entrants.

Despite there is a limited number of integrated branding, advertising and marketing service providers in Hubei Province, we face stiff competition from other integrated branding, advertising and marketing service providers in the PRC. Currently, there are approximately 190 integrated branding, advertising and marketing service providers in the PRC. According to Frost & Sullivan, in the future, along with the development of advertising market, advertising service providers may be easier to access sufficient market data and develop more in-depth industry understanding. Together with the resources of advertising media, it is expected that there is an increasing number of advertising service providers engaged in branding services and they will offer one-stop services to brand owners including branding, advertising and marketing services. Our online and offline media advertising services also face intense competition. According to Frost & Sullivan, as at 31 December 2022, there were over 5,500 online media advertising services providers that provide advertising media service and over 5,000 TV advertising media service providers in China.

Increased competition may result in price reduction, reduced profit margins and loss of our market share. Our Group competes with competitors in the PRC primarily on the following bases:

– quality branding, advertising and marketing services;

– brand recognition;

– price;

– effectiveness of our advertising proposals or marketing events;

– strategic relationships with our customers and suppliers;

– resources of advertising media;

– hiring and retention of talented staff; and

– capabilities to provide tailor-made services.

Our existing and potential competitors may possess competitive advantages over us, such as longer operating history, better brand recognition, larger customer base, greater access to advertising resources and more financial, technical and marketing resources. If we fail to compete with them successfully, we could lose our customers. We also cannot assure you that our services will remain competitive or that they will continue to be successful in the future. Increasing competition could result in pricing pressure and loss of our market share, either of which could have a material adverse effect on our financial positions and results of operations.

The regulatory environment of the advertising industry is rapidly evolving. If we fail to comply with the laws and regulations applicable to our businesses in the PRC from time to time, our business, financial condition and results of operations may be materially and adversely affected.

Our traditional offline and online media advertising services are subject to various PRC laws and regulations. According to the Advertising Law of the PRC《中華人民共和國廣告法》, which was promulgated by the Standing Committee of the National People's Congress on 27 October 1994, became effective on 1 February 1995, and was amended on 24 April 2015, 26 October 2018 and 29 April 2021, we may be liable for false or misleading information in the advertisements. Where false advertisements for products or services relating to the life and health of consumers cause damage to the consumers, we shall bear joint and several liabilities with the advertisers concerned. Where false advertisements for products or services not relating to the life and health of consumers cause damage to the consumers, in case that we design, produce or provide agency services and we know the advertisements are false, we shall bear joint and several liabilities with the advertisers concerned. Violation of these laws or regulations may result in various penalties, including confiscation of revenue and fines, and the competent PRC authority may suspend or revoke our business licenses.

The regulations in the advertising industry are constantly evolving and subject to the interpretation of the competent authorities, and we may be subject to more stringent regulatory requirements due to changes in the political or economic policies in the relevant jurisdictions or the changes in the interpretation of the relevant laws and regulations. For instance, pursuant to the Notice on Special Governance of Online Advertising 《關於開展互聯網廣告專項整治工作的通知》 which became effective in February 2018, false and illegal Internet advertisements with bad social impact, strong public response and endangering people's personal and property safety, such as: (i) illegal Internet advertisements involving guidance issues, political sensitivity issues and damaging national interests; (ii) false and illegal Internet advertisements for food, healthcare food, medical treatment, medicine and medical equipment that endanger people's personal safety and health; (iii) false and illegal Internet advertisements for financial investment, investment promotion and collectibles that deceive and mislead consumers and damage people's property interests; (iv) false and illegal Internet advertisements that obstruct public order, violate good social fashion, cause bad social influence and damage the physical and mental health of minors; and (v) other false and illegal Internet advertisements having strong public response, shall be rectified. Pursuant to the Notice on In-depth Governance of Online Advertising 《關於深入開展互聯網廣告整治工作的通知》 which became effective in March 2019, false and illegal Internet advertisements for medical treatment, medicine, healthcare food, real estate, financial investment and management and others relating to people's personal health and property safety should be more strictly governed.

We cannot assure you that we will be able to satisfy such regulatory requirements and we may be unable to retain, obtain or renew relevant licences, permits or approvals in the future, and as such, our business operations may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The application and interpretation of the evolving personal information protection laws and regulations could adversely affect our business, financial conditions and results of operations.

There are various PRC laws and regulations regarding privacy and the collection, storage, sharing, use, disclosure and protection of personal information. Personal information is increasingly subject to legislations and regulations with higher scrutiny. We cannot assure you that the measures we have taken or will take for the protection, management and storage of personal information are adequate under such laws, rules and regulations. If any of our measures is determined by the competent governmental authority to be in non-compliance with the requirements of such laws, rules and regulations, our business, financial condition and results of operations may be adversely affected. Complying with new laws and regulations may cause us to incur substantial compliance costs or require us to change our business practices in a manner materially adverse to our business. Failure or perceived failure to comply with applicable laws and regulations related to the collection, use, or sharing of personal information or other privacy-related and security matters could result in a loss of confidence in us by our customers, which could adversely affect our business, financial condition and results of operations.

As a holding company, we rely on the dividends or other distributions from our PRC subsidiaries for funding.

As our Company is a holding company incorporated in the Cayman Islands and we operate our business principally through our subsidiaries in the PRC, we rely on dividend payment from our subsidiaries in the PRC for cash requirements, including servicing our indebtedness. Under the current PRC law, dividend may be paid only out of our PRC subsidiaries' accumulated after-tax profits, if any, determined in accordance with the PRC accounting standards and regulations. Moreover, our PRC subsidiaries are required to set aside 10% of their after-tax profits each year, if any, to fund certain statutory reserves until the cumulative amount of the statutory reserves reach 50% of the relevant subsidiary's registered capital. These reserves are not distributable as cash dividends. In addition, in the future, if our PRC subsidiaries incur debt, the loan agreement may impose restrictions on their ability to pay dividends or make other payments to our Company. Additionally, factors such as cash flows, restrictions in debt instruments, withholding tax and other arrangements may restrict our PRC subsidiaries' ability to pay dividends to us and in turn restrict our ability to pay dividends to our Shareholders. Distributions by our PRC subsidiaries to us in forms other than dividends may also be subject to relevant government authorities' approvals and other tax liabilities. These restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders and to service any future indebtedness.

We may be considered a "PRC resident enterprise" under the EIT Law, which could result in our global income being subject to a 25% PRC enterprise income tax.

We are a holding company incorporated under the laws of the Cayman Islands. We conduct our business through the operating subsidiaries in the PRC. Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" are located within the PRC are considered "PRC resident enterprises" and thus will generally be subject to an EIT at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the Regulation on the Implementation of EIT Law《中華人民共和國企業所得稅法實施條例》, amended on 23 April 2019 which defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". Currently, all of our management is based in the PRC, and may continue to be based in the PRC in the future.

If we were considered a PRC resident enterprise, we could be subject to the EIT at the rate of 25% on our global income, and any dividends or gains on the sale of our Shares received by our non-resident enterprises shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividends paid by our PRC operating subsidiaries to us will meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If our global income were to be taxed under the EIT Law, our financial position and results of operations would be materially and adversely affected.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may cause our PRC resident Shareholders subject to personal liability, limit our PRC subsidiaries' ability to distribute profits to us, or otherwise adversely affect our financial position.

On 4 July 2014, SAFE issued Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》 ("**Circular 37**"), which states that: (i) a PRC resident, including a PRC resident natural person or a PRC company, shall register with the local branch of SAFE before it contributes its legitimate assets or equity interest into a special purpose vehicle for the purpose of investment and financing, and (ii) when the special purpose vehicle undergoes a change of basic information, such as a change of a PRC resident natural person shareholder, name or operating period, or a material event, such as a change of share capital held by a PRC resident natural person, merger or split, the PRC resident shall register such change with the local branch of SAFE on a timely basis.

On 13 February 2015, SAFE issued Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》(the "**Circular 13**"), which states that the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment will be directly reviewed and handled by banks.

To the best of our knowledge, as of the Latest Practicable Date, all of our PRC domestic individual Shareholders are required to make the foreign exchange registration under Circular 37 and Circular 13 and have duly completed such registration with the relevant banks. However, we may not at all times be fully aware or informed of the identities of all of our beneficial owners who are PRC citizens or residents, and we may not always be able to compel our beneficial owners to comply with the requirements of Circular 37 and Circular 13. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC citizens or residents will at all times comply with, or in the future make or obtain any applicable registrations or approvals required by, Circular 37, Circular 13 or other related regulations. According to Circular 37 and relevant PRC foreign exchange regulations, if any of our Shareholders who are required to make the foreign exchange registration and amendment fails to do so, our PRC subsidiaries may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from providing our PRC subsidiaries with loans denominated in foreign currencies or injecting additional capital into our PRC subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liabilities for such PRC subsidiaries, and the responsible persons and other person in such PRC subsidiaries who are held directly liable for the violations may be subject to administrative sanctions.

Rules and regulations in the PRC on investment and loans by offshore holding companies to PRC subsidiaries may delay or prevent us from using the [REDACTED] from the [REDACTED] to make additional capital contributions or loans to our PRC subsidiaries, which could harm our liquidity and our ability to expand our business.

As an offshore holding company of our PRC operating subsidiaries, we may make loans or additional capital contributions to our PRC subsidiaries or a combination thereof. Any loans to our PRC subsidiaries are subject to PRC laws and regulations and approvals. For example, loans from us to our wholly-owned PRC subsidiaries, which are foreign-invested enterprises, to finance their activities cannot exceed the statutory limits and must be registered with SAFE or its local branches.

There can be no assurance that, in relation to all future loans or capital contributions to be made by us to our PRC subsidiaries, we will be able to complete all required government registrations or obtain all necessary approvals in a timely manner or at all. If we fail to complete such registrations or obtain such approvals, our ability to use the [**REDACTED**] from the [**REDACTED**] may be affected, which may in turn materially and adversely affect our liquidity and our ability to fund and expand our business in the PRC.

RISKS RELATING TO THE [REDACTED]

An active and/or open trading market for our Shares may not develop as at or after the [REDACTED].

There has not been a public market for our Shares. Shares of our subsidiary, Huashi Media, were previously listed on NEEQ but such listing was voluntarily withdrawn in April 2019 in preparation for the [**REDACTED**]. While we have applied for [**REDACTED**] and [**REDACTED**] our Shares on the Stock Exchange, an active, open or liquid public market for our Shares may not develop as at or after the [**REDACTED**] or be sustained if developed. Shareholders are reminded that as one of the conditions for the [**REDACTED**], there must be an open market in our Shares to develop at the time of [**REDACTED**]. The Stock Exchange will not grant the approval for, and the SFC may object to, the [**REDACTED**] of our Shares if an open market in our Shares does not exist at the time of [**REDACTED**]. The determination of the indicative [**REDACTED**] stated in this document was the negotiation result between the

[**REDACTED**] and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]) and our Company. As such, the [**REDACTED**] may differ significantly from the market price for our Shares following the [**REDACTED**]. Future sales of a substantial number of our Shares by our Shareholders after the [**REDACTED**] could adversely affect the prevailing market price of our Shares from time to time.

In addition, the liquidity, the market price and the trading volume of our Shares could be adversely affected by factors beyond our Group's control and unrelated to the performance of our Group's business. Factors affecting the volatility of the price and the trading volume of our Shares include:

– fluctuations in our operating results, such as revenue, profit or loss and cash flows;

– fluctuations in market prices for services of our Group or any of our Group's comparable companies;

– changes in pricing policy adopted by us and our competitors;

– investors' perception of our Group and our business plans;

– announcements of new investments and strategic alliances by our Group; and

– changes in our senior management personnel.

In such cases, [**REDACTED**] may not be able to sell their Shares at or above the [**REDACTED**].

[REDACTED] may experience dilution if we issue additional Shares in the future.

Our Group may issue additional Shares upon exercise of options to be granted under the Share Option Scheme, or issue new equity or convertible securities in the future. The increase in the number of Shares outstanding after any of such issue would reduce the shareholding of our then Shareholders and may dilute the earnings per Share and net asset value per Share.

In addition, our Group may need to raise additional funds in the future to finance expansion, investment and new development of our business. If additional funds are raised through the issuance of new equity or convertible securities of our Company other than on a pro-rata basis to the existing Shareholders, the shareholding of our then Shareholders may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the [**REDACTED**].

Any disposal of a substantial number of Shares by our Controlling Shareholders in the public market could materially and adversely affect the market price of our Shares.

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [**REDACTED**]. Our Group is unable to predict the impacts, if any, of any future sales of our Shares by any of our Controlling Shareholders, on the market price of our Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of our Shares.

We may not declare dividends on our Shares in the future.

Whether we pay a dividend and the amount of such dividend will depend on our results of operations, cash flows, financial condition, cash dividends we receive from our subsidiaries, future business prospects, statutory and regulatory restrictions and other factors that our Directors deem relevant. As a Cayman Islands company, any dividend recommendation will be at the absolute discretion of our Directors and subject to approval in the general meeting. There is no assurance that dividends of any amount will be declared or distributed in any year/period.

Possible termination of the [REDACTED].

[**REDACTED**] of the [**REDACTED**] should note that the [**REDACTED**] are entitled to terminate their obligations under the [**REDACTED**] Agreement by notice in writing to our Company from the [**REDACTED**] and the [**REDACTED**] (for themselves and on behalf of the other [**REDACTED**]) upon the occurrence of any of the events stated in the paragraph headed "[**REDACTED**] – [**REDACTED**] arrangements and expenses – The [**REDACTED**] – [**REDACTED**] – Grounds for termination" in this document at or prior to 8:00 a.m. on the [**REDACTED**] Date. Such events include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, fire, flood, tsunami, explosions, epidemic, pandemic, acts of terrorism, earthquakes, strikes or lock-outs.

Laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions.

Our corporate affairs are governed by the Memorandum of Association, the Articles of Association, the Companies Act and common law of Cayman Islands, and to a limited extent, the laws of Hong Kong. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. The remedies available to our Group's minority shareholders may be different 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 our Company and Cayman Islands Company Law" in Appendix III to this document for further information.

RISKS RELATING TO STATEMENTS MADE IN THIS DOCUMENT

Certain facts and statistics included in this document may not be relied upon.

This document, particularly the section headed "Industry Overview", contains information and independent statistics which are derived from various official government and other publications and from a third-party report commissioned by us. We believe that the sources of these information 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 fact that would render such information false or misleading has been omitted. However, the information from official government sources has not been independently verified by our Company, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or their respective directors, affiliates or advisers or any other party involved in the [**REDACTED**] and no representation is given as to its accuracy and completeness. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, in other jurisdictions. Therefore, you should not unduly rely upon such information or statistics contained in this document.

The current market condition may not be reflected in the statistical information included in this document.

The historical information set out in this document relating to market conditions of the PRC may not reflect the current market situation. In order to provide context to the industry in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this document. However, this information may not reflect current market condition of the PRC as recent economic development may not be fully factored into these statistics, and the availability of the latest data may lag behind of this document. As such, any information relating to market shares, sizes and growth, or performance in the markets in the PRC and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

Forward-looking statements in this document are subject to risks and uncertainties.

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "can", "continue", "consider", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. For further details, please refer to the section headed "Forward-looking Statements" in this document.

Such forward-looking statements reflect current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including other risk factors as described in this document. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. [**REDACTED**] should not place undue reliance on such forward-looking statements and information.

You should read this document in its entirety and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the [REDACTED].

There has been prior to the publication of this document, and there may be subsequent to the date of this document but prior to the completion of the [**REDACTED**], press, media and/or research analyst coverage regarding us, our business, our industry and the [**REDACTED**]. Such press, media and/or research analyst coverage may include information that does not appear in this document. We have not authorised the disclosure of any such information in such press, media and/or research analyst coverage and do not accept responsibility for any such press, media and/or research analysts coverage or the accuracy or completeness of any such information, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analysts regarding our Shares, the [**REDACTED**], our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this document, we disclaim them. Accordingly, you are cautioned to make your investment decisions regarding our Shares on the basis of the information contained in this document only and should not rely on any other information.

In preparation for the [**REDACTED**], our Company has sought the following waiver from strict compliance with Rule 8.12 of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong and this normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

Since the principal business operations of our Group are primarily located in the PRC and will continue to be based in the PRC, and our Group does not and will not, in foreseeable future, have any material operation in Hong Kong, our executive Directors and senior management members are and will continue to be based in the PRC. At present, none of our executive Directors or senior management are Hong Kong permanent residents or ordinarily based in Hong Kong. Our Company considers that either appointment of any additional executive Director who will be ordinarily resident in Hong Kong or relocation of our existing executive Directors to Hong Kong will not be beneficial to or appropriate for our Group. In that regard, our Company does not contemplate in the foreseeable future that it will, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

In view of that, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Chen and Ms. Lai Janette Tin Yun. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorised representatives is duly authorised to communicate on behalf of our Company with the Stock Exchange and their respective contact details have been provided to the Stock Exchange;

(b) both authorised representatives have means to contact all members of our Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters;

(c) to further enhance communication between the Stock Exchange and our Directors, each executive Director and independent non-executive Director has provided his/her contact details including office telephone number and/or mobile telephone number and email address to the Stock Exchange;

(d) save for Mr. How, an independent non-executive Director, each of our Directors who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be available to meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;

(e) our Company has appointed Ms. Lai Janette Tin Yun, who is an ordinarily resident in Hong Kong as the company secretary of the Company, while we have appointed Mr. How, an independent non-executive Director who is an ordinarily resident in Hong Kong. Their contact details have been provided to the Stock Exchange;

(f) in compliance with Rule 3A.19 of the Listing Rules, the Company has appointed Rainbow Capital (HK) Limited as the compliance adviser of the Company to act as an additional channel of communication with the Stock Exchange. The compliance adviser will advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong for the period commencing on the date of the [**REDACTED**] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the date of the [**REDACTED**];

(g) meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or the compliance adviser of our Company, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorised representatives and the compliance adviser of our Company; and

(h) our Company will retain other professional advisers (including legal advisers and accountants) in Hong Kong, after the [**REDACTED**] to assist us in dealing with any questions which may be raised by the Stock Exchange from time to time.

[REDACTED]

[REDACTED]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Chen Jicheng (陳繼承先生)	Room 5D, Block C Chutian City Garden 1 Zhongbei Road, Shuiguo Lake Wuchang District, Wuhan, Hubei PRC	Chinese
Ms. Wang Shujin (王書錦女士)	Room 2803, Block 5 Jindi Zizaicheng K3 Renhe Road Hongshan District Wuhan, Hubei PRC	Chinese
Mr. Zhang Bei (張備先生)	Room 201, Xinta Shuishang 7 Tapu Road, Siming District Xiamen, Fujian PRC	Chinese
Ms. Xue Yuchun (薛玉春女士)	Room 302, Unit 2, Block 8 Olympics Garden Meishu Court Phase 2 18 Huanhu Road Dongxihu District Wuhan, Hubei PRC	Chinese

Independent Non-executive Directors

Dr. He Weifeng (何威風博士)	Room 2022, Unit 2 Block 13, Jindi Gelin Dongjun Fangzhi Road, Hongshan District Wuhan, Hubei PRC	Chinese
Mr. Peng Litang (彭禮堂先生)	Room 1903, Unit 6, Block 3 Yuyuan Teacher Unit Huazhong University of Science and Technology 1037 Luoyu Road, Hongshan District Wuhan, Hubei PRC	Chinese
Mr. Li Guangdou (李光斗先生)	Room 708, Block B 103 Huizhongli Chaoyan District Beijing PRC	Chinese
Mr. How Sze Ming (侯思明先生)	Flat A, G/F, Tower 3 Sandalwood Court St. Barths 9 Yiu Sha Road Ma On Shan, New Territories Hong Kong	Chinese

For further information regarding our Directors, please refer to the section headed "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor and [REDACTED]

Rainbow Capital (HK) Limited
A corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Room 5B, 12/F, Tung Ning Building
No. 2 Hillier Street
Sheung Wan, Hong Kong

[REDACTED]
(in alphabetical order)

[REDACTED]

[**REDACTED**]
(in alphabetical order)

[**REDACTED**]

Legal Advisers to our Company

As to Hong Kong law:

Winston & Strawn
6/F, Henley Building
5 Queen's Road Central
Hong Kong

As to PRC law:

Tian Yuan Law Firm
509, Tower A, International
Enterprise Building
No. 35 Financial Street
Xicheng District
Beijing, the PRC

As to Cayman Islands law:

Appleby
Suites 4201-03 & 12
42/F, One Island East
Taikoo Place, 18 Wetlands Road
Quarry Bay, Hong Kong

Legal Advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law:* **King & Wood Mallesons** 13/F, Gloucester Tower The Landmark 15 Queen's Road Central Central, Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34th Floor, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing, the PRC
Auditors and Reporting Accountants	**BDO Limited** *Certified Public Accountants* 25th Floor, Wing On Centre 111 Connaught Road Central Central, Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504 Wheelock Square 1717 Nanjing West Road Shanghai 200040 the PRC

[**REDACTED**]

CORPORATE INFORMATION

Registered office in the Cayman Islands	71 Fort Street PO Box 500, George Town Grand Cayman KY1-1106 Cayman Islands
Headquarters and principal place of business in the PRC	1st Floor, Block 2 Office Building Phase II Shuisheng Keji Yuan 1 Chagang Xincun Dongyuan Wuchang District, the PRC
Principal place of business in Hong Kong	5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Company's website	**www.youmeimu.com** *(The contents of the website do not form a part of this document)*
Company secretary	LAI Janette Tin Yun Tricor Services Limited 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Compliance officer	XUE Yuchun Room 302, Unit 2, Block 8 Olympics Garden Meishu Court Phase 2 18 Huanhu Road Dongxihu District Wuhan, Hubei PRC

Authorised representatives (for the purpose of the Listing Rules)	XUE Yuchun Room 302, Unit 2, Block 8 Olympics Garden Meishu Court Phase 2 18 Huanhu Road Dongxihu District Wuhan, Hubei PRC
	LAI Janette Tin Yun Tricor Services Limited 5/F, Manulife Place 348 Kwun Tong Road Kowloon Hong Kong
Audit Committee	HE Weifeng *(Chairman)* PENG Litang LI Guangdou
Remuneration Committee	PENG Litang *(Chairman)* WANG Shujin HE Weifeng
Nomination Committee	CHEN Jicheng *(Chairman)* LI Guangdou PENG Litang
Compliance Adviser	Rainbow Capital (HK) Limited Room 5B, 12/F, Tung Ning Building No. 2 Hillier Street Sheung Wan Hong Kong

[**REDACTED**]

[REDACTED]

Principal bankers (in alphabetical order)	**Agricultural Bank of China Limited Meiling, Wuhan Branch** 137-1 Donghu Road Wuchang District, Wuhan The PRC
	China Construction Bank Corporation Wuhan Branch 1 Zhongnanlu, Wuchang District Wuhan City, Hubei The PRC
	China Minsheng Banking Corp., Ltd. Wuhan Zhongnan Branch No. 1 Zhongbei Road Wuchang District, Wuhan The PRC
	Hubei Bank Corporation Limited Sales department, Head office 86 Zhongbei Road Wuchang District, Wuhan The PRC

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan. We engaged Frost & Sullivan to prepare an independent industry report in connection with the [**REDACTED**]. *The information from official government sources has not been independently verified by our Group, the Sole Sponsor, 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 its accuracy.*

SOURCES OF INFORMATION

We have commissioned Frost & Sullivan, an independent market researcher and consultant, to analyse and report on integrated branding, advertising and marketing service market in China. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. The information from Frost & Sullivan disclosed in this document is extracted from the F&S Report, a report commissioned by us for a fee of RMB910,000, and is disclosed with the consent of Frost & Sullivan.

The market research process for the F&S Report has been undertaken through detailed primary research which involves discussing the status of integrated branding, advertising and marketing service market with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database.

Analysis and forecasts contained in the F&S Report are based on the following major assumptions at the time of compiling such reports: (i) China's economy is likely to maintain steady growth in the next decade; (ii) China's social, economic, and political environment is likely to remain stable in the forecast period; (iii) COVID-19 is likely to affect the stability of China's macro economy in the short term; and (iv) market drivers such as rapid development of China's advertising market, emergence of diversified advertising media and others will drive the integrated branding, advertising and marketing service market. Our Directors confirm that after taking reasonable care, there has been no material adverse change in the overall market information since the date of the F&S Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF INTEGRATED BRANDING, ADVERTISING AND MARKETING SERVICE MARKET IN CHINA

Overview and introduction

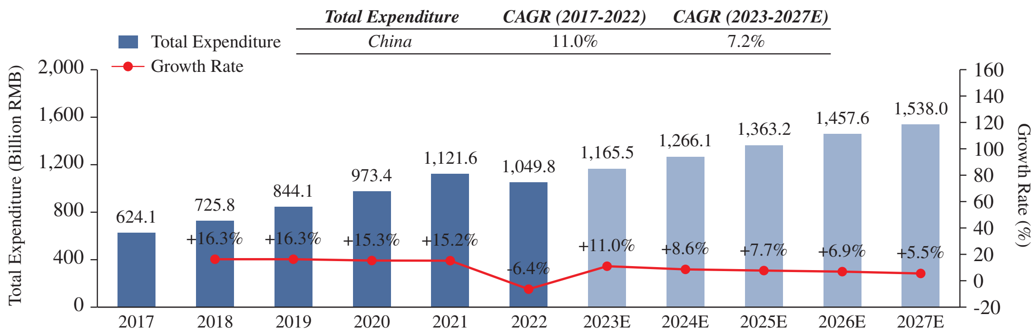
The integrated branding, advertising and marketing service providers primarily offer one-stop services across the entire value chain from market research to execution of advertising proposals so as to assist advertisers in formulating effective marketing proposals, enhancing their brand reputation to targeted recipients, and improving the competitiveness and market share of their products or services.

The integrated branding, advertising and marketing services generally include: (i) branding services; (ii) advertising services, comprising traditional offline media advertising services and online media advertising services; and (iii) event execution and production services. There are approximately 150 integrated branding, advertising and marketing services providers in China, who can maintain their competitiveness by participating in customers' projects in early stage, offering one-stop services and improving service efficiency.

The market participants in this market generally possess strong capabilities in integrating diversified services and various media resources across the value chain, data base of different industries and strong data analytical capability to conduct market research and advertising proposals, and sufficient experience and high brand reputation with the long-term accumulation of proven track record, which has raised the entry barriers of China's integrated branding, advertising and marketing service market.

Market size of integrated branding, advertising and marketing service market

Total expenditure in integrated branding, advertising and marketing service market (China), 2017-2027E



Source: National Bureau of Statistics; Frost & Sullivan Analysis

Along with the rapid development of China's advertising market and the emergence of diversified advertising media including TV advertising, outdoor media advertising and online media advertising, the advertisers have higher requirements for tailored branding and marketing proposals which can satisfy their specific requirements such as marketing objective, evaluation of advertising results and budget, which has promoted the development of China's integrated branding, advertising and marketing service market. From 2017 to 2022, the total expenditure in integrated branding, advertising and marketing service market in China experienced a rapid increase from RMB624.1 billion to RMB1,049.8 billion, with a CAGR of 11.0%. In 2022, the growth rate of the market for integrated branding, advertising, and marketing services is around -6.4%, due to the economic downturn and the significant reduction in advertisers' marketing budgets. The growth of China's nominal GDP in 2022 experienced a slowdown, with a slowdown in growth or decline of the revenue and profit of enterprises from various industries. With lower profitability, the enterprises may reduce their marketing budgets, which resulted in the decreasing demand for branding, advertising and marketing services in 2022. In 2022, the total expenditure in integrated branding, advertising and marketing service in Hubei Province reached approximately RMB27.6 billion, accounting for approximately 2.6% of total expenditure in China.

Given the economic downturn and decrease in the overall branding and advertising service market, some market players still achieved positive growth in 2022, mainly due to the following factors: (i) the capability to provide diversified services. Some market players especially integrated branding, advertising, and marketing service providers could offer their customers with both one-stop services and single category of services depending on their requirements. Customers generally are inclined to cooperate with market players with strong capabilities to provide diversified services and therefore such market players are able to secure more business from their existing customers. In addition, some market players that can provide one-stop services or have advantages in some media resources are able to secure more small and medium-sized advertising companies as their customers, because these customers are inclined to outsource part of their advertising services for which they do not possess the capabilities to provide; (ii) expansion of service scope and regional coverage. Due to fierce competition in China's advertising service market, the market players have been striving to expand their service scope, such as the advertisement placement services, to provide more choices for the advertisers and meet their diversified needs, as well as enrich their revenue sources. In addition, some market players have expanded their geographical presence to explore new customers; (iii) the characteristics of customer types. Under the economic downturn circumstance, small and medium-sized private enterprises are inclined to conduct marketing campaigns to increase the market demand for their products and service so as to improve their operating and financial conditions to withstand the impact of the economic downturn. This in turn will stimulate their demands for branding services, advertising services or marketing services. As large enterprises generally are well established and have a greater ability to withstand the negative impact of the drop in market demand and profitability during economic downturn, they are less inclined to increase their marketing budgets or will even choose to cut their marketing budgets during such period; and (iv) solid relationships with media suppliers. Media resources are relatively concentrated and the quality media resources have already been occupied by leading advertising services providers. Therefore, solid relationships with media suppliers made some advertising service providers stand out among industry peers and achieve revenue growth against the negative industry growth in 2022.

With sufficient customer base and stable cooperative relationship with advertisers, integrated branding, advertising and marketing service providers can easily explore and develop new resources of advertising media such as online media advertising mainly as the advertisers who have established cooperation with those service providers have recognized their in-depth industry expertise and the placement of advertisements in new form of media can further enrich the multi-dimensional branding, advertising and marketing services. In 2023, the Chinese government issued a series of policies to promote the growth of domestic consumption, such as the "Measures on Restoring and Expanding Consumption" (關於恢復和擴大消費的措施). Coupled with the release of the backlog of consumption demand because of epidemic prevention and control, the consumption demand for various products and services, such as automobiles, household products, electronic products, catering services, cultural tourism, healthcare services, recovered rapidly. As the enterprises have been dedicated to attracting consumers and improving their business conditions through increasing their marketing budgets, which will drive growth in demand for branding, advertising and marketing services, the market size of China's branding, advertising and marketing service market is expected to witness a rebound in 2023. In the future, mainly due to the increasing preference to integrated branding, advertising and marketing services providers for tailored and one-stop services, and the growing number of participants engaged in this market which is expected to reach over 200 by the end of 2027, the integrated branding, advertising and marketing service market in China is expected to maintain a rapid development, with the total expenditure reaching RMB1,538.0 billion by the end of 2027, representing a CAGR of 7.2% from 2023 to 2027.

Competitive landscape

As integrated branding, advertising and marketing service providers can expand their business scope to each segmented market including branding service market, advertising service market, and event execution and production service market, the market size of China's integrated branding, advertising and marketing service market refers to the summation of the size of each segmented market, which also includes market players who can only provide part of these services.

Top five China's integrated branding, advertising and marketing service providers by total sales revenue in 2022

Ranking	Company	Background Information	Market Share by Revenue (%)
1	Company A	Located in Beijing, a listed company that provides marketing services and advertising agency services, with a total revenue of RMB36.7 billion in 2022.	3.5%
2	Company B	Located in Zhejiang province, a listed company that provides one-stop digital marketing services, with a total revenue of RMB20.3 billion in 2022.	1.5%
3	Company C	Located in Zhejiang province, a listed company that provides advertising services covering value chain of digital marketing, with a total revenue of RMB14.7 billion in 2022.	1.4%
4	Company D	Located in Guangdong province, a listed company that provides one-stop intelligent marketing services, with a total revenue of RMB14.6 billion in 2022.	1.4%
5	Company E	Located in Beijing, a listed company that provides comprehensive service to brand owners, including brand marketing, brand operation, brand content, brand technology and brand communication, with a total revenue of RMB8.5 billion in 2022.	0.8%
Top 5			8.6%

Source: Annual Report; Frost & Sullivan Analysis

As of 31 December 2022, there are approximately 190 integrated branding, advertising and marketing service providers in China. In 2021 and 2022, the sales revenue of our Group accounted for approximately 0.014% and 0.02% of total expenditure in China's integrated branding, advertising and marketing service, respectively.

Eastern China refers to Shanghai, Jiangsu Province, Zhejiang Province, Anhui Province, Shandong Province, Fujian Province and Jiangxi Province, and Northern China refers to Beijing, Tianjin, Hebei Province and Shanxi Province. In 2022, the total expenditure in the branding, advertising and marketing service market in Northern China and Eastern China reached RMB514.7 billion, accounting for approximately 49.0% of total expenditure in China.

In terms of sales revenue in 2022, the top five branding, advertising and marketing service providers in Northern China and Eastern China accounted for approximately 15.6% of total expenditure in the branding, advertising and marketing service market in Northern China and Eastern China.

In 2022, the total expenditure in the branding, advertising and marketing service market in Beijing and Shanghai reached approximately RMB79.5 billion, accounting for approximately 7.6% of the total expenditure in China. The branding, advertising and marketing service market in Beijing and Shanghai are rather fragmented, and the market participants primarily include the integrated branding, advertising and marketing service providers and the branding, advertising and marketing service providers that focus on vertical industries or specific services. In terms of sales revenue in 2022, the top three branding, advertising and marketing service providers headquartered in Beijing or Shanghai accounted for approximately 4.5% of the total expenditure in the branding, advertising and marketing service market in China.

ANALYSIS OF BRANDING SERVICE MARKET IN CHINA

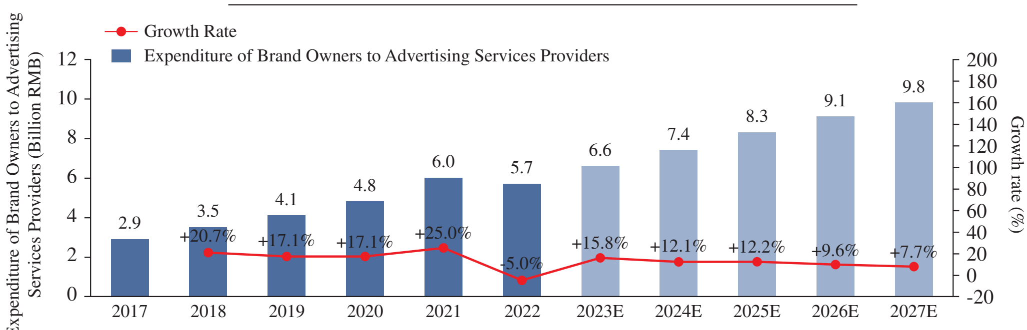
Overview and introduction

Branding services refer to a series of services provided to brand owners, so as to obtain brand recognition from customers, improve brand reputation, spread unique concept of brand owners, and enhance their competitive advantages. Branding services primarily include market research on industries in which the customers are involved, brand and marketing planning, design of corporate visual identity system, product packaging design, advertising planning, etc.. The fees of branding services generally depend on research expenses and labor costs incurred during the projects whilst the branding service providers normally charge fees on a cost-plus basis based on the estimated costs according to the service scope, project duration and customers' requirements.

Market size of branding service market in China

Expenditure of brand owners to advertising services providers in branding service market (China), 2017-2027E

Expenditure of Brand Owners to Advertising Services Providers	*CAGR (2017-2022)*	*CAGR (2023-2027E)*
China	14.5%	10.4%



Source: National Bureau of Statistics; Frost & Sullivan Analysis

Mainly due to more attention to brand image and growing demand for branding services from the enterprises in China, the total expenditure of brand owners to advertising services providers in branding service market has observed a rapid increase from RMB2.9 billion in 2017 to RMB5.7 billion in 2022, representing a CAGR of 14.5% during the period. In 2022, the total sales revenue from branding service of all Hubei's advertising service providers reached approximately RMB0.4 billion, accounting for approximately 7.4% of total expenditure of brand owners to advertising services providers in branding service market in China.

In the future, mainly as a result of the increasing number of advertising services providers with a CAGR of approximately 5% engaged in the provision of branding services, the expenditure of brand owners to advertising services providers in branding service market in China is expected to maintain a continuous increase and reach RMB9.8 billion in 2027, recording a CAGR of 10.4% from 2023 to 2027.

Market drivers

Consumption upgrade promotes the preference for brands: According to a series of policies and regulations such as the "14th Five Year Plan" (十四五規劃) which was approved and promulgated in March 2021, and proposed to carry out the action of creating Chinese brands, enhance the influence and competitiveness of domestic brands, and cultivate a number of high-end brands in cosmetics, clothing, home textiles, electronic products and other industries, Chinese government has been dedicated to promote brand building. Moreover, the development of the service industry and the increasing demand of consumption upgrading have led to higher preference for renowned brands, which can be easily recognized by customers and quickly spread in the market. Therefore, the enterprises in China have paid more attention to their brand reputation and have dedicated to promote their brand image through effective branding strategies, which has stimulated the market demand for branding services and promoted the development of the branding service market in China.

More exposure opportunities for brand image: Due to accelerated construction of public infrastructures, diversified forms of brand sponsorship and continuous development of various kinds of media such as television, Internet and outdoor spaces, there have been more exposure opportunities for brand image. Therefore, more exposure opportunities for brand image have stimulated the growing demand for branding services.

Growing demands from small-to-medium-sized brand owners: Along with the intensified competitive environment and the growing awareness of brand building, there are growing demands from Chinese companies to enlarge business scale, expand markets and obtain competitive advantages through effective marketing strategies. Mainly as some companies especially small-to-medium-sized brand owners who do not have strong marketing capability in formulating the effective branding strategies, they have the preference to outsource the provision of branding services, which has provided broad development potentials in the branding service market. Meanwhile, the integrated branding, advertising and marketing service providers can leverage the synergic effect of branding services and advertising services, for instance, they can optimize marketing proposals based on their multiple advertising resources and conduct purchase and placement of advertisements efficiently according to the branding strategies, which is conducive for them to develop the business of branding services.

Future opportunities

Extended service scope: Along with the development of branding service market, brand owners have put forward higher requirements for service quality and service scope whilst branding service providers have also been dedicated to extend their service scope which covers a complete marketing process mainly including preliminary market research, project organization and planning, formulation and implementation of branding strategies, and evaluation of the implementation results. Due to the extended service scope, the branding service providers with expertise in offering relevant services can maintain competitiveness and further improve their market share.

Cooperation with professional third-party institutions: Owing to the continuous business expansion of branding service providers and the growing popularity of branding services in various industries, branding service providers have to offer tailored services to different industries, which will promote the cooperation between branding service providers and professional third-party institutions such as universities and market research companies as they have data and market information on relevant industries and can conduct scientific analysis with the application of new technologies such as big data and Internet of Things to identify latest market trends and potential demands from customers across different industries, which can provide a reliable basis for the formulation of branding strategies.

Entry barriers

In-depth industry understanding: Branding service providers offer professional services to help their customers to obtain brand recognition from customers, improve brand reputation and enhance their competitive advantages. Therefore, branding service providers are required to have in-depth understanding of related industries in which the brand owners are involved so as to formulate effective branding strategies based on product features, consumers' demand and market changes of such industries.

Professional talents: During the period of providing branding services, the branding service providers will generally conduct a number of interviews with corporate executives to understand operation conditions of their companies and their marketing objectives, present professional branding and marketing proposals, and hold trainings for their customers to support the implementation of such proposals. Thus, the provision of branding services requires large number of professional talents who possess strong communication skills and brand planning expertise.

Project experience: When selecting branding service providers, brand owners have the preference to the service providers with sufficient project experience and proven track record. With sufficient project experience, branding service providers can enhance the awareness and reputation of the brands marketed by their customers through professional branding services and are well positioned to further capture potential market opportunities.

Competitive landscape

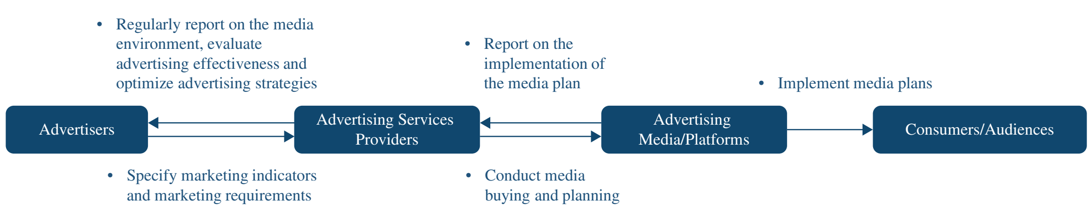
The total sales revenue from branding service of all Hubei's advertising service providers in 2022 reached approximately RMB0.4 billion. In 2022, the sales revenue from branding service of our Group accounted for approximately 1.6% of total expenditure of brand owners to advertising services providers in branding service market in China.

ANALYSIS OF ADVERTISING MARKET IN CHINA

Overview and introduction

Based on the type of delivery channel, advertising market could be categorized into two main sub-segments, traditional offline media advertising market and online media advertising market. The offline media advertisement is delivered through magazine and newspaper, radio, television, and outdoor media advertising placement. Meanwhile, with the further penetration of internet, particularly on mobile, increasing number of advertisers tend to post advertisements through online channel attributed to its favorable nature including unlimited geographic coverage, promptness and inclusivity.

Main participants in advertising market



Source: Frost & Sullivan Analysis (including interviews conducted by Frost & Sullivan with experts from major market players and reviews on the annual reports of other market participants regarding their positions in the advertising market and their principal businesses)

The main participants in China's advertising industry include advertisers, advertising services providers, advertising media/platforms and consumers/audiences.

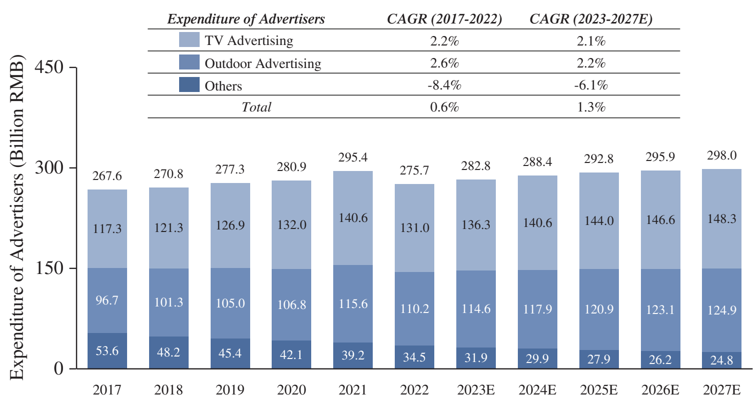
Advertisers refer to enterprises from various industries, organizations or individuals that design, produce or publish advertisements on their own or by entrusting advertising services providers. Advertising services providers, as the linking between advertisers and advertising media/platforms, conduct media buying and planning according to the marketing indicators and marketing requirements specified by the advertisers, and regularly report on the media environment, evaluate advertising effectiveness and optimize advertising strategies to advertisers based on the results on the implementation of the media plan from advertising media/platforms. In recent years, advertisers have the preference to rely on advertising services providers to contact advertising media or platforms as advertising services providers have abundant resources of different media and can offer effective marketing strategies and proposals of advertising placement for them. Moreover, it is common for advertising services providers to rely on other advertising services providers to acquire media resources that they do not have.

Advertising media/platforms refer to diversified media resources including traditional offline media such as magazine and newspaper, radio, television and outdoor media advertising, and online media advertising. The advertising media/platform normally implement media plans according to the specific advertising strategies formulated by advertising services providers.

When providing advertising services, our Group acts as an advertising services provider in the value chain of advertising market. As a branding, advertising and marketing services provider, our Group also provides branding services and event execution and production services to the customers in addition to advertising services.

Analysis of offline media advertising service market in China

Expenditure of advertisers in offline media advertising service market (China), 2017-2027E



Source: National Bureau of Statistics; Frost & Sullivan Analysis

Traditional offline media advertising is primarily delivered through television, outdoor media in various outdoor scenes such as commercial buildings, metro lines, airports, buses and others such as elevators and cinemas, magazine and newspaper, and radio advertising placement. From 2017 to 2022, the total expenditure of advertisers in offline media advertising service market in China experienced a slight increase from RMB267.6 billion to RMB275.7 billion, with a CAGR of 0.6%. In the future, mainly due to the increasing expenditure of advertisers in TV advertising and outdoor advertising resulting from increasing TV programmes and outdoor advertising scenarios, the total expenditure of advertisers in offline media advertising service market in China is expected to reach RMB298.0 billion in 2027, with a CAGR of 1.3% from 2023 to 2027.

TV advertising and outdoor media advertising, as major traditional offline media, has entered the mature stage of development, whilst the expenditure of advertisers in TV advertising and outdoor media advertising has maintained a moderate increase with a CAGR of 2.2% and 2.6% from 2017 to 2022, and is anticipated to grow at a CAGR of 2.1% and 2.2% from 2023 to 2027, respectively. Amongst which, the market drivers for outdoor media advertising service market in China mainly include increasing public places for outdoor media advertisements, growing demand for out-of-home entertainment and popularity of digital outdoor media advertising.

In China's offline media advertising service market, other media primarily include magazine, newspaper and broadcast, which has experienced a continuous recession mainly due to the decreasing number of magazines and newspapers readers and broadcast audience.

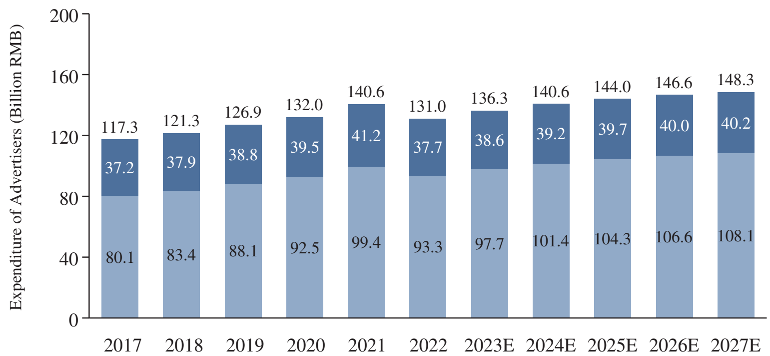
Analysis of TV advertising service market in China

TV advertising is a form of advertising that uses television as a media for communication, which can combine visual image and auditory information to deliver promotional marketing messages. Based on TV advertising forms, TV advertising can generally be divided into hard-sell advertising and others, such as propaganda. Hard-sell advertising refers to a direct advertising method, which uses attractive language to guide consumers buy products or services during TV advertising time slots.

Market size of TV advertising service market

Expenditure of advertisers in TV advertising service market (China), 2017-2027E

Expenditure of Advertisers	*CAGR (2017-2022)*	*CAGR (2023-2027E)*
Advertising Design, Production and Other Services	0.3%	1.0%
Advertising Media Services	3.1%	2.6%
Total	2.2%	2.1%



Source: National Bureau of Statistics; Frost & Sullivan Analysis

As one of the major segments of the advertising industry, the TV advertising service market observed a stable increase during the period from 2017 to 2022, with the expenditure of advertisers in TV advertising service market increasing from approximately RMB117.3 billion in 2017 to approximately RMB131.0 billion in 2022, representing a CAGR of 2.2%. In 2022, the total sales revenue from TV advertising media service of all Hubei's TV advertising service providers reached approximately RMB0.7 billion, accounting for approximately 0.8% of total expenditure of advertisers in TV advertising media services in China.

With the further development of TV advertising service market in China, the popularity of new TV advertising forms such as soft-sell advertising, and the growing number of high-quality TV programs, the expenditure of advertisers in TV advertising service market in China is anticipated to increase to approximately RMB148.3 billion in 2027, with a CAGR of 2.1% from 2023 to 2027. During the same period, the expenditure of advertisers in advertising design, production and other services and advertising media services is expected to grow at a CAGR of 1.0% and 2.6%, respectively. As a result of the emerging TV advertising forms and growing number of TV programs which provide more media resources, the expenditure of advertisers in advertising media services is likely to record a higher growth than that in advertising design, production and other services.

Pricing policy of TV advertising resources

For hard-sell TV advertisements, TV advertising services providers charge fees based on cost per time, which calculated the fees on the basis of different advertising duration such as 5 seconds, 10 seconds, 15 seconds and 30 seconds. The advertising prices for TV advertisements varies by different time slots and different TV programs, and the average advertising prices of major provincial satellite TV station operators have maintained stable from 2020 to 2022.

Future opportunities of TV advertising service market

Quality improvement of TV advertising resources: TV advertising resources is distributed according to different TV programs such as TV series and variety shows broadcasted by TV station operators, thus the quality of TV advertising resources is highly dependent on the quality of TV programs. In recent years, due to the increasing demand of consumer entertainment and the growing requirements for TV programs, a considerable number of TV programs have obtained high reputation, which provided an increasing number of high-quality media resources for advertisers. In the future, with the continuously increasing number of quality TV programs, there will be more quality TV advertising resources in the future.

Competitive landscape of TV advertising service market

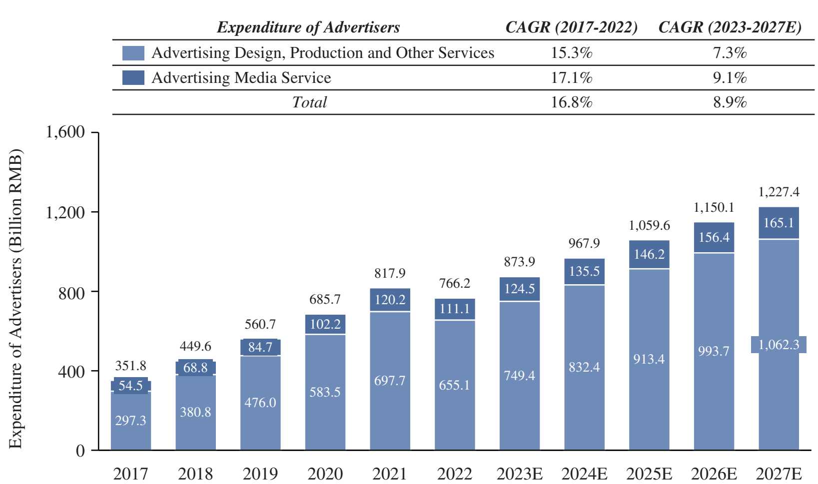
As of 31 December 2022, there are over 5,000 TV advertising media service providers in China. The total sales revenue from TV advertising media service of all Hubei's TV advertising service providers in 2022 reached approximately RMB0.7 billion. In 2022, in terms of sales revenue from TV advertising media service, our Group accounted for approximately 0.3% of total sales revenue of all Hubei's TV advertising service providers.

Analysis of online media advertising service market in China

Online media advertising is a kind of marketing which uses Internet and mobile Internet to deliver promotional marketing messages to consumers in the form of text, pictures, audio, video, etc.. According to different message delivery methods and channels, online media advertising can be categorized into search engine advertising, e-commerce advertising, display advertising, in-feed advertising, classified advertising and others. The characteristics of online media advertising primarily include (i) extensive user contact; (ii) high user stickiness; (iii) good cost performance; (iv) flexible advertising strategies; and (v) comprehensive data analysis.

Market size of online media advertising service market

Expenditure of advertisers in online media advertising service market (China), 2017-2027E



Source: National Bureau of Statistics; Frost & Sullivan Analysis

The expenditure of advertisers in online media advertising service market in China increased from approximately RMB351.8 billion in 2017 to approximately RMB766.2 billion in 2022, representing a CAGR of 16.8%. In 2022, the decrease in the expenditure of advertisers in the online media advertising services market is mainly due to the economic downturn that adversely affects the advertiser' marketing budgets. Short video advertisement, being the most popular and effective advertising method, is the only advertisement method that achieved positive growth in 2022. As of December 2022, short videos accounted for the highest percentage of users' time spent online, with over 25%, and will continue to grow at a high rate for the foreseeable future. More advertising agencies expanded their business to short video advertisements. Some of them, who are new to this field, would like to choose to work with experienced advertising agencies because they have more resources and the ability to meet their diverse needs. Therefore, some experienced online media advertising service providers with specific online advertising strengths, such as solid relationships with media suppliers, and professional marketing teams, experienced rapid growth against the negative industry growth in 2022. In 2022, the total sales revenue from advertising media service of all Hubei's online media advertising service providers reached approximately RMB12.9 billion, accounting for approximately 1.7% of total expenditure of advertisers in advertising media services in China.

In the future, given that the number of Internet users in China is expected to grow at a CAGR of 3.3% from 2023 to 2027 with the penetration rate of Internet increasing from 79.8% in 2023 to 91.3% in 2027, and more advertisers have the preference to online advertising due to its high efficiency and effectiveness, the expenditure of advertisers in online media advertising service market in China is expected to grow further at a CAGR of 8.9% and reach approximately RMB1,227.4 billion by the end of 2027. Amongst which, during the same period, the expenditure of advertisers in advertising design, production and other services and advertising media services is anticipated to increase at a CAGR of 7.3% and 9.1%, respectively.

Pricing policy of online media advertising resources

Advertising services providers primarily discuss with advertisers and advertising media/platforms to determine the basic pricing model and standard price mainly based on the costs of acquiring the online media resources. Most common indicators of pricing model in online media advertising service market includes cost per mille, cost per click, cost per install, cost per action and cost per sale. According to advertisers' demand, advertising services providers further confirm the additional indicators, such as registration rate, retention rate, next day retention rate, etc., to evaluate the effectiveness of the advertisements.

Market drivers of online media advertising service market

Increasing number of internet users and mobile internet users: The development of online advertisement placement services has been driven by the increasing number of Internet users, as it could reach more customers than offline media advertising. According to China Internet Network Information Center, the total number of Internet users in China increased from 772.0 million in 2017 to 1,067.0 million in 2022, with a CAGR of 6.7%, whilst the total number of mobile Internet users in China increased from 752.7 million in 2017 to 1,065.0 million in 2022, with a CAGR of 7.2%. The continuously increasing number of Internet users and mobile Internet users will expand the exposure of online media advertising, driving advertisers to choose online channels for advertising due to the large audience base. Therefore, more advertising service providers entered online media advertising service market.

Advantages of online media advertising: Compared to offline media advertising such as TV advertising and outdoor media advertising, online media advertising has the advantages that online media advertising has wider coverage, the effectiveness and performance of online media advertising can be monitored and measured, and online media advertising can precisely reach target audience. For example, depending on the needs of advertisers, the advertising service providers could help them create advertising videos for placement on online media platforms and easily monitor customer preferences. With such advantages, online media advertising has gradually gained popularity among advertisers, with the proportion in total expenditure of advertisers in advertising market in China increasing from 56.8% in 2017 to 73.5% in 2022 in terms of advertisers' expenditure.

Application of new technologies: The application of new technologies such as big data, AI and cloud computing has promoted the development of online media advertising service market in China. With the application of new technologies, online media advertising can realize precision marketing and effect monitoring, and gradually develops from traditional online media advertising to real time bidding advertising, which refers to the placement of advertisements through third-party online media exchange platforms and database operators to targeted internet users which are selected according to the database relating to the users' interests, searching history, browsing history and the track of previous activities. The online media advertising services providers with mature experiences of applying new technologies can maintain competitive advantages and obtain greater market shares.

Future opportunities and challenges of online media advertising service market

Increasing popularity among advertisers: With the slowdown of China's macroeconomic growth, enterprises have gradually ended the growth mode of rapid expansion, and the demand for high-quality and efficient marketing channels has been increasing. Therefore, more advertisers pay attention to the advantages of online media advertising, including user positioning, precision marketing and measurable effect. The main industries of advertisers that prefer online media advertising have gradually expanded to traditional industries, such as financial, medical, manufacturing and education industry. In the future, the popularity of smart phones and the commercial landing of 5G technology will further facilitate the advantages of online media advertising, thereby promoting the further development of China's online media advertising service market.

Performance based advertising become increasingly favorable: Technology radically changed advertising industry and empowered advertisers to become incredibly specific with how they target potential consumers. Advertisers are able to aggregate search data and social media data to paint precise customers profile and identify whether they are targeted customers or not. With the increasing penetration rate on Internet and mobile Internet, both advertisers and online media advertising services providers are expected to pay more attention to online media and the marketing campaigns distributed online have become increasingly performance-oriented. In the future, the prevalence of marketing technologies in online media advertising service market is projected to further help advertisers to enhance campaign efficiency and effectiveness in order to maximize ROI (return on investment).

Prevalence of marketing technology for integrated service capability: Technology capacity has become the core competency for online media advertising services providers. Nowadays, well-established service providers have been striving to offer one-step integral marketing services to the advertisers. Big data and cloud computing technology help advertisers to gather a large amount of customer behavior information and establish comprehensive customer profile base for targeted and integrated advertising services based on multiple tools and platforms. As more advanced technologies emerges and be applied, there will be broader development potentials for online media advertising services providers in China.

Intense competition: As at 31 December 2022, there are over 5,500 online advertising media service providers in China. Due to intense competition in China's online media advertising service market, the online media advertising services providers, especially small and medium-sized providers that do not have leading online media resources and mature experiences of applying new marketing strategies such as programmatic advertising buying and real time bidding, may face great challenges to maintain market shares and expand their business. Meanwhile, along with the trend of industrial consolidation, the concentration rate of the online media advertising service market will continue to increase in the future.

Entry barriers of online media advertising service market

Industry database: The width and depth of marketing data and customer behavior information and their data analytical capabilities are critical to online media advertising services providers for providing effective targeted marketing services. A well-established services provider that has access to large volume of data, information and media resources will be able to develop more precise data analytics tools and to generate more in-depth marketing strategies and industry insights, which is one of the major entry barriers for new entrants in the online media advertising service market in China. However, the integrated branding, advertising and marketing services providers can apply the database of different industries they have accumulated from other media resources such as marketing data and customer behavior information in the placement of online media advertisements and their in-depth industry expertise are also applicable to online media advertising service market in China, which can be one of the competitive advantages of integrated branding, advertising and marketing services providers.

Brand awareness: The advertisers have the preference to cooperate with existing online media advertising services providers as these advertising services providers especially renowned services providers have proven track records with high-quality services, sufficient media resources and mature experiences, and tend to have more insights on the advertisers' products and marketing requirements. For new entrants, it is difficult for them to establish their own brand awareness in short time and compete with renowned online media advertising services providers. However, the integrated branding, advertising and marketing services providers with own customer bases can easily start to develop business of online media advertising for their existing customers who have recognized their in-depth industry expertise as the placement of advertisements in online media advertising can further enrich the multi-dimensional branding, advertising and marketing services.

Advertisers and media resources: Easy access to advertisers and media resources is critical for online media advertising services providers. Such access is built through years of providing appropriate infrastructure and investments in market know-how, social connection and customer behavior tracking to establish a sufficient and efficient resource network. Meanwhile, online media resources are highly concentrated and the advertising opportunities in most of the leading online media resources suppliers have already been occupied by leading online media advertising services providers. Therefore, existing market players have established stable advertisers and media networks while new entrants are expected to face difficulties in obtaining advertiser and media resources to support their business. Mainly as there are a variety of online media resources, they are more accessible than TV advertising whereby TV advertising services providers have to establish a stable cooperative relationship with TV station operators to obtain limited resources of TV advertising. Therefore, it is much easier for integrated branding, advertising and marketing services providers who have proven track record in the cooperation with TV station operators to acquire online media resources.

Competitive landscape of online media advertising service market

The online media advertisement services include advertising media services, advertising design, production services, and advertisement placement services. In 2022, the total online media advertising service sales revenue in Hubei reached approximately RMB21.8 billion. In 2022, the sales revenue from online media advertising service, including advertisement placement service of our Group accounted for approximately 0.008% of total expenditure of advertisers in online media advertising service in China.

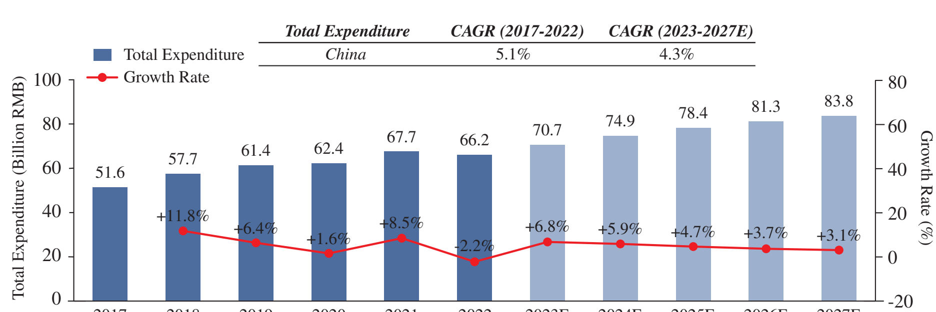
ANALYSIS OF EVENT EXECUTION AND PRODUCTION SERVICE MARKET IN CHINA

Overview and introduction

Event execution and production service refers to the actions and activities that are taken by event execution and production service providers to create a good social environment and obtain the support from public opinion. Specifically, event execution and production services refer to a variety of professional services including creative planning, copywriting, venue leasing, material procurement, on-site management and coordination in both offline scene activities such as literary events, programs, exhibitions, roadshows, conferences, press conferences and symposiums, and online scene activities such as online forums and social networking services platforms. The event execution and production service providers generally determine their service fees to their customers on a cost-plus basis according to the costs of site leasing and procuring materials of scene activities and relevant services from third-party companies.

Market size of event execution and production service market

Total expenditure in event execution and production service market (China), 2017-2027E



Source: National Bureau of Statistics; Frost & Sullivan Analysis

The total expenditure in event execution and production service market in China is positively affected by the Chinese economy as measured by nominal GDP mainly as various industries can experience a stable growth due to sound economic development whilst the companies in such industries may increase their demands for event execution and production services to create a good social environment and obtain the support from public opinion. Due to the increasing demand from downstream industries such as automobile industry, IT & communication industry, Internet industry and FMCG (Fast Moving Consumer Goods) industry, the total expenditure in event execution and production service market in China has experienced a continuous growth in recent years, increasing from RMB51.6 billion in 2017 to RMB66.2 billion in 2022, representing a CAGR of 5.1%.

In the future, with the stable development of macro economy in China which is expected to grow at a CAGR of 5.6% from 2023 to 2027, the further development of downstream industries such as automobile industry, IT & communication industry and Internet industry and the application of various kinds of new media marketing such as word of mouth marketing and KOL (Key Opinion Leader) management, the event execution and production service market in China is expected to maintain a stable development, with the total expenditure in event execution and production service market reaching RMB83.8 billion in 2027, growing at a CAGR of 4.3% from 2023 to 2027.

Future opportunities of event execution and production service market

Diversified Marketing Methods: The combination of diversified marketing methods and scene activities is one of the major future opportunities in the event execution and production service market in China. With the extensive application of new technologies and the popularity of new media, event execution and production service providers have applied Internet technology for accurate and effective communication, which not only creates valuable content, but also enables better communication and interaction between brands and consumers. With diversified marketing methods, event execution and production service providers can improve customer satisfaction while expanding their business scope.

Competitive landscape of event execution and production service market

Event execution and production service providers in China primarily include event planning companies, public relations companies and advertising service companies. In terms of revenue from event execution and production service, our Group accounted for approximately 0.06% of total expenditure in event execution and production service market in China in 2022.

A summary of the main PRC laws, rules and regulations applicable to our business and operations is set out below.

PRC LAWS AND REGULATIONS ON COMPANY AND FOREIGN INVESTMENT

Company Law

The establishment, operation and management of corporate entities in the PRC are generally 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 Standing Committee of the National People's Congress (the "**SCNPC**") on 29 December 1993, became effective on 1 July 1994, and was last amended on 26 October 2018. The Company Law applies to both PRC domestic companies and foreign-invested enterprises, except that for matters otherwise prescribed by PRC laws in relation to foreign investment, such laws shall prevail.

Regulations on Foreign-invested Enterprises

According to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》, the "**Foreign Investment Law**") adopted by the National People's Congress (the "**NPC**") on 15 March 2019 and coming into effect on 1 January 2020, the PRC government implements a system of pre-entry national treatment plus Negative List (as defined below) for the administration of foreign investment. The pre-entry national treatment means that the treatment given to foreign investors and their investments at market access stage of the investment shall not be less favourable than that given to domestic investors and their investments. The Negative List refers to the special administrative measures for the access of foreign investment to specific fields as stipulated by the PRC government. The PRC government gives national treatment to foreign investment unless it is subject to the Negative List. Foreign investors are not allowed to invest in any field prohibited by the Negative List. For any field restricted by the Negative List, foreign investors' investment shall conform to the conditions as stipulated in the Negative List, and foreign investment in fields not included in the Negative List shall be managed according to the principle of equal treatment of domestic investment and foreign investment. The organisation form and structure and operating rules of a foreign-invested enterprise shall be governed by the provisions of the Company Law, the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》) and other relevant laws. Along with the Foreign Investment Law's coming into effect on 1 January 2020, the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and the Law of the PRC on Sino-foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) were repealed simultaneously, and foreign-invested enterprises established in accordance with such laws before the implementation of the Foreign Investment Law may retain their original organisation forms and other aspects for five years upon the implementation of the Foreign Investment Law.

On 26 December 2019, the Implementing Regulations of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》, the "**Implementing Regulations**") was promulgated by the State Council and came into effect on 1 January 2020, which further replaced the Implementing Regulations of the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法實施條例》), the Interim Provisions on the Joint Operation Period of Sino-foreign Equity Joint Ventures (《中外合資經營企業合營期限暫行規定》), the Rules for the Implementation of the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法實施細則》) and the Rules for the Implementation of the Law of the PRC on Sino-foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法實施細則》). According to the Implementing Regulations, the registration of a foreign-invested enterprise shall be processed pursuant to the law by the market regulation department of the State Council or its authorised local counterparts. A foreign investor or a foreign-invested enterprise shall submit investment information to the competent commerce department via the enterprise registration system and the enterprise credit information publicity system. The Foreign Investment Law and the Implementing Regulations also apply to the investment made by a foreign-invested enterprise in the PRC.

On 30 December 2019, the Ministry of Commerce (the "**MOFCOM**") and the State Administration for Market Regulation jointly promulgated the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》, the "**Reporting Measures**"), which came into effect on 1 January 2020 and replaced the Provisional Measures on Record-filing Administration over the Establishment and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) simultaneously. Pursuant to the Reporting Measures, a foreign investor or a foreign-invested enterprise shall report investment information by submitting initial report, changing report, deregistration report, annual report and etc.

The Catalogue of Industries for Guiding Foreign Investment

The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》, the "**Negative List 2021**") and the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》, the "**Encouraging Catalogue 2022**") were jointly promulgated by the National Development and Reform Commission (the "**NDRC**") and the MOFCOM on 27 December 2021 and 26 October 2022 respectively, and became effective on 1 January 2022 and 1 January 2023 respectively. The Negative List 2021 and the Encouraging Catalogue 2022 enumerate prohibited, restricted and encouraged industries in relation to foreign investment. Foreign investment in the encouraged industries is entitled to certain preferential treatment extended by the PRC government, while foreign investment in the prohibited and restricted industries is subject to special administrative measures for the market access of foreign investment including but not limited to equity requirements and senior manager requirements. According to the Negative List 2021, our PRC subsidiaries do not engage in any restricted industries or prohibited industries for foreign investment.

PRC LAWS AND REGULATIONS ON ADVERTISING INDUSTRY

Advertising Law

The Advertising Law of the PRC (《中華人民共和國廣告法》, the "**Advertising Law**"), which was promulgated by the SCNPC on 27 October 1994, became effective on 1 February 1995, and was amended on 24 April 2015, 26 October 2018 and 29 April 2021, applies to the commercial advertising activities in the PRC whereby product business operators or service providers, through certain media or forms, directly or indirectly introduce the products or services they are marketing. As defined in the Advertising Law, the term "advertisers" refer to any individuals, legal persons or other organisations that, for the purpose of promoting products or services, design, produce and publish advertisements either by themselves or by entrusting others to do so; the term "advertising agents" refer to any individuals, legal persons or other organisations that are entrusted to provide advertising design, production or agency services; the term "advertising publishers" refer to any individuals, legal persons or other organisations that publish advertisements for the advertisers or the advertising agents entrusted by the advertisers. The SAMR and its local counterparts shall be main authorities in charge of the supervision and administration of advertising industry.

According to the Advertising Law, advertisements shall not contain any false or misleading information, and shall not deceive or mislead consumers. Advertising agents shall, in accordance with laws and administrative regulations, examine the relevant supporting documents to verify the content of the advertisements. For any advertisement with inconsistent content or incomplete supporting documents, the advertising agents shall not provide design, production or agent service. Where the advertising agents know or should have known that the content of the advertisements is false but still provide advertising design, production or agent services in connection with the advertisements, they might be subject to penalties, including confiscation of revenue and fines, revocation of business licenses, or even criminal liabilities. Where false advertisements infringe on the rights and interests of consumers and the advertising agents are unable to provide the real name, address and valid contact information of the advertisers, the consumers may require the advertising agents to make compensation in advance. Where such false advertisements are for products or services relating to the life and health of consumers, the advertising agents shall bear joint and several liabilities with the advertisers concerned. Where false advertisements for products or services other than those set out before cause harm to the consumers, in case that the advertising agents know or should have known that the content of the advertisements is false but still provide advertising design, production or agent services, they shall bear joint and several liabilities with the advertisers concerned.

According to the Advertising Law, the display of outdoor advertisements may not: (i) utilise traffic safety facilities or traffic signs; (ii) impede the use of public facilities, traffic safety facilities, traffic signs, fire extinguishing facilities or fire control signs; (iii) obstruct production or people's living, or damage city appearance; (iv) be within building control areas of government offices, cultural landmarks or historical or scenic sites, or within areas prohibited by local governments from installing outdoor advertisements. Administrative measures for outdoor advertisements shall be prescribed by local regulations and rules.

The State Council also promulgated the Regulations on the Administration of Advertisements (《廣告管理條例》) on 26 October 1987 with effect from 1 December 1987 to regulate the advertising activities.

Internet Advertising

According to the Advertising Law, the advertising activities conducted through the Internet shall also be subject to the Advertising Law. The use of Internet to publish or distribute advertisements shall not affect the normal use of the Internet by users. Advertisements published on Internet pages such as pop-up advertisements shall be indicated with conspicuous mark for close to ensure the close of such advertisements by one click.

According to the Interim Measures for the Administration of Internet Advertisements (《互聯網廣告管理暫行辦法》, the "**Internet Advertisement Measures**"), which was promulgated by the State Administration for Industry and Commerce (currently known as the SAMR) on 4 July 2016 and became effective on 1 September 2016, Internet advertisement shall be distinguishable, marked with "advertisement", to enable consumers to identify it as an advertisement. A written contract shall be concluded according to law among Internet advertisers, advertising agents and advertising publishers in the Internet advertising activities. Following activities are prohibited under the Internet Advertisement Measures: (i) providing or using applications and hardware to intercept, filter, cover up, fast forward or restrict in other manners the advertisements lawfully operated by others; (ii) using network access, network equipment and applications to disrupt the normal transmission of advertising data, tampering with or blocking the advertisements lawfully operated by others, or uploading advertisements without permission; or (iii) seeking illegitimate interests or harming the interests of others by using fake statistics, dissemination results or Internet media value to induce a false offer.

On 25 February 2023, the SAMR promulgated the Administrative Measures for Online Advertising (《互聯網廣告管理辦法》) (the "**Administrative Measures**"), which became effective on 1 May 2023 and simultaneously repealed the Internet Advertisement Measures.

Pursuant to the Administrative Measures for Online Advertising, commercial advertising activities conducted within the territory of the PRC that directly or indirectly promote a product or service through websites, internet applications, text, images, audio, video or any other forms, web application or other online media, shall be governed by these measures and the Advertising Law.

Application of the laws and regulations

The Administrative Measures imposes, among others, the following requirements or prohibitions on the publication of advertisements:

(i). advertisements for products or services that are prohibited from being produced or sold by laws and administrative regulations are prohibited;

(ii). advertisements for tobacco (including e-cigarettes) and prescription drugs are prohibited;

(iii). advertisements for medical treatment, drugs, medical devices, pesticides, veterinary drugs, health care food and formula food for special medical purposes shall be reviewed by the relevant regulatory authority before publication;

(iv). where the advertisements relate to introduction of health and wellness knowledge, such advertisements shall not at the same time contain any address, contact information, shopping links or other information of the product or service providers related to medical treatment, drugs, medical devices, health care food and formula food for special medical purposes; and

(v). advertisements for medical treatment, drugs, health care food, formula food for special medical purposes, medical devices, cosmetics, alcohol and online games that are detrimental to the physical and mental health of minors shall not be published on websites and other Internet applications which are targeted at minors.

The Administrative Measures shall apply to, among others, advertising operators (廣告經營者). According to the Advertising Law of the PRC (中華人民共和國廣告法), advertising operators (廣告經營者) refer to natural persons, legal persons or other organisations which are entrusted to provide advertising design, production and agency services. The Group is principally engaged in branding services, traditional offline media advertising services, online media advertising services, event execution and production services and the provision of advertising placement services. For the online media advertising services, our Group would liaise with the relevant advertising resources providers, such as operators of social media platform and advertising agents to place advertisements on the relevant online media platforms for our customers. For the provision of advertisement placement services, our Group has entered into a cooperation agreement with the Media Partner for advertisement placement for our customers including direct advertiser customers and advertising agents on the various online media platforms operated by the Media Partner. Therefore, our Group's online media advertising services and provision for advertisement placement services fall within the scope of advertising operators and therefore is subject to the provisions of the Administrative Measures.

An advertising operator or advertising publisher shall establish, improve and implement systems for the registration, review, file management in respect of their online advertising business. In particular, an advertising operator or advertising publisher shall inspect and verify the information of the advertisers, such as their names, addresses, and valid contact information. They shall maintain and regularly update the electronic record of the advertising activity conducted by them, and such record shall be kept for at least three years from the date on which the relevant advertisement is published. An advertising operator or advertising publisher shall also obtain the relevant supporting documents from the advertisers in relation to the contents of the advertisements. Furthermore, advertising operator and advertising publishers shall cooperate, in accordance with the law, with the investigations of the online advertising industry conducted by Market Regulatory Authority, and provide truthful, accurate and complete information in a timely manner.

Any entity which violates the Administrative Measures may be subject to punishment, including but not limited to fines, confiscation of advertising fees, suspension of advertisement publishing business or revocation of business licence.

Notice on Special Governance of Online Advertising

On 9 February 2018, the State Administration for Industry and Commerce issued the Notice on Special Governance of Online Advertising (《關於開展互聯網廣告專項整治工作的通知》), which stipulates an intensive rectification of the following false and illegal online advertisements with severe social impact, strong public outcry and harm to people's personal and property safety:

(i). illegal online advertisements that involve guiding issues, political sensitivity and harm to national interests;

(ii). false and illegal online advertisements related to food, health products, medicine, medical devices and other products that endanger people's personal safety and health;

(iii). false and illegal online advertisements in financial investments, business promotions, collectibles and other categories that contain deceptive and misleading content, damaging people's financial interests;

(iv). false and illegal online advertisements that disrupt public order, contravene social norms, create a negative social impact and harm the physical and mental health of juveniles; and

(v). other false and illegal online advertisements that have elicited strong public complaints.

Notice on In-Depth Governance of Online Advertising

On 22 March 2019, the State Administration for Market Regulation issued the Notice on In-Depth Governance of Online Advertising (《關於深入開展互聯網廣告整治工作的通知》), which specifically targets the following illegal online advertisements:

(i). illegal Internet advertisements with politically sensitive or vulgar contents;

(ii). advertisements for medicines, medical products and devices and health products that are published without proper examination;

(iii). medicine, medical products and devices and health product advertisements that make illegal claims regarding efficacy, safety, cure rates, effectiveness and utilize advertising spokespersons for endorsement or validation;

(iv). advertisements for food and health products that exaggerate product efficacy and promote disease prevention or treatment functions;

(v). financial investment, financial management, collectibles and business advertisements that make guarantees or imply risk-free or guaranteed returns;

(vi). real estate advertisements that make promises regarding future returns or investment profitability, or engage in misleading promotion regarding transportation, commercial facilities and cultural and educational facilities related to real estate projects;

(vii). advertisements that disrupt public order, violate social norms and create a negative social impact; and

(viii). other false and illegal Internet advertisements that have elicited strong public complaints.

To ensure compliance with the above notices, our media operation department will examine the content of the advertisement to ascertain if the content of the advertisement contains any false or misleading information or contents which are prohibited by laws and regulations. After the review by our media operation department, the content of the advertisement will also be reviewed and approved by the general manager of our Group before they can be published.

Medical Advertising

Pursuant to the Measures for the Administration of Medical Advertisement (醫療廣告管理辦法) promulgated by the State Administration for Industry and Commerce (currently known as the SAMR) on 27 September 1993 and amended on 10 November 2006 with effect from 1 January 2007, no medical advertisement may be published without the Medical Advertisement Examination Certification. Where an advertising agent or publisher intends to publish a medical beauty advertisement, the advertisement examiner thereof shall inspect the relevant Medical Advertisement Examination Certification to verify the content of the advertisement. In addition, pursuant to the Law Enforcement Guideline on Medical Beauty Advertising (醫療美容廣告執法指南) promulgated by the SAMR on 1 November 2021 and effective on the same day, medical beauty advertising belongs to medical advertising. Advertisers must obtain a medical institution practice license in accordance with the law before they can publish or entrust an agency to publish any medical beauty advertisement. To publish a medical beauty advertisement, the advertiser shall obtain the Medical Advertisement Examination Certification according to law; the advertising agency or publisher shall inspect the Medical Advertisement Examination Certification according to law before designing, producing, acting as an agent for or publishing any medical beauty advertisement, and shall publish the advertisement in strict accordance with the approved content.

PRC LAWS AND REGULATIONS ON PERSONAL INFORMATION AND DATA SECURITY

On 20 August 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC 《(中華人民共和國個人信息保護法》, the "**Personal Information Protection Law**"), which will become effective on 1 November 2021. The Personal Information Protection Law sets forth that the personal information of natural persons shall be protected by law, and no organization or individual may infringe upon the personal information rights and interests of natural persons. The processing of personal information shall have clear and reasonable purposes, be directly related to the purposes of processing, and be carried out in a way that has minimal impact on personal rights and interests. The collection of personal information shall be limited to the smallest scope necessary for achieving the purpose of processing, and personal information shall not be collected excessively. Personal information processors shall bear responsibility for their personal information processing activities, and adopt necessary measures to safeguard the security of the personal information they process. Otherwise, the personal information processors may be ordered to make correction or suspend or terminate the provision of services, or be imposed confiscation of illegal income, fines or other penalties.

On 10 June 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》, the "**Data Security Law**"), which became effective on 1 September 2021. The Data Security Law clarifies the scope of data to cover a wide range of information records in electronic or other form, and defines data processing as including the collection, storage, use, processing, transmission, provision, disclosure of data. The Data Security Law requires that data collection shall be conducted in a legitimate and proper manner, and theft or illegal collection of data is not permitted. The PRC government shall establish a data classified and categorised protection system. Data concerning national security, lifelines of the national economy, important people's livelihood, and major public interests are core data, and shall be subject to a stricter management system. Data processors shall establish and improve the whole-process data security management rules, organise and implement data security education and trainings, and take appropriate technical measures and other necessary measures to protect data security. In case of data security incidents, responding measures shall be taken immediately, and disclosure to users and report to the competent authorities shall be made in a timely manner.

PRC LAWS AND REGULATIONS ON HIGH AND NEW TECHNOLOGY ENTERPRISES

Pursuant to the Administrative Measures for Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》, the "**No. 32 Measure**"), which was promulgated on 14 April 2008 and amended on 29 January 2016 with effect from 1 January 2016 jointly by the Ministry of Science and Technology (the "**MST**"), the Ministry of Finance (the "**MOF**") and the SAT, high and new technology enterprises recognized under the No.32 Measure may apply for enjoying the preferential tax policies in accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing regulations and the Law of the PRC on the Administration of Tax Collection (《中華人民共和國稅收徵收管理

法》) and its implementing rules. The No.32 Measure provides for the conditions and procedures for the recognition of a high and new technology enterprise. The qualification of a recognised high and new technology enterprise shall be valid for a term of three years commencing on the date of the issuance of the certificate. Where there is change in the name or any major change to the conditions for recognition (such as a merger, division, reorganization, or change of business, etc.) of a high and new technology enterprise, the enterprise shall report such changes to the recognition department within three months.

PRC LAWS AND REGULATIONS ON INTELLECTURAL PROPERTY

Copyrights

According to the Copyright Law of the PRC《中華人民共和國著作權法》, which was promulgated by the SCNPC on 7 September 1990 and last amended on 11 November 2020 with effect from 1 June 2021, Chinese citizens, legal persons or other organisations shall enjoy copyright in their works, whether published or not, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software created in writing, orally or in other forms. Copyright holders can enjoy multiple rights, including the right of publication, the right of authorship and the right of reproduction. Unless otherwise stipulated by law, anyone who uses others' works shall enter into a licensing contract with the copyright holder.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which was issued by the National Copyright Administration on 20 February 2002, came into effect on the same day and was revised on 18 June 2004, regulates the registration of software copyright, the exclusive licensing contract and transfer contracts of software copyright. The National Copyright Administration is mainly responsible for the nationwide registration management of software copyright and designates the Copyright Protection Centre of China as the software registration organization. The Copyright Protection Centre of China will grant certificates of registration to computer software copyright applicants in compliance with the provisions of the Measures for the Registration of Computer Software Copyright and the Regulations on Protection of Computers Software (《計算機軟件保護條例)》) which was promulgated by the State Council on 20 December 2001 and last amended on 30 January 2013 with effect from 1 March 2013.

Domain Name

Domain names are protected under the Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on 24 August 2017 and coming into effect on 1 November 2017. The MIIT is the major regulatory authority responsible for the administration of the PRC Internet domain names. The principle of "first come, first served" is adopted for domain name registration in the PRC.

PRC LAWS AND REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Settlement

The principal regulation governing foreign exchange in the PRC is the Regulations of the PRC on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) promulgated by the State Council on 29 January 1996, taking effect on 1 April 1996 and amended on 14 January 1997 and 5 August 2008 respectively. Under the Regulations of the PRC on Foreign Exchange Administration, foreign exchange payments for current account transactions, such as trade and service-related transactions and dividend payments, are not restricted, but shall be based on truthful and legitimate transactions and be made with self-owned foreign exchange or foreign exchange purchased from relevant financial institutions by presenting valid documents. However, foreign exchange payments for capital account transactions, such as overseas direct investment and trading in securities and derivative products abroad are subject to registration with the competent authorities for foreign exchange administration and approval or record-filing with the relevant governmental authorities (if necessary).

According to the Notice of the State Administration of Foreign Exchange on Reforming the Management Approach for the Settlement of Foreign Exchange Capitals of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) which was promulgated by the SAFE on 30 March 2015 and became effective on 1 June 2015, foreign-invested enterprises shall be allowed to settle their foreign exchange capitals on a discretionary basis. The foreign exchange capitals in a foreign-invested enterprise's capital account, which has been confirmed by the local foreign exchange bureau as the interests of monetary capital contributions or registered with a bank as monetary capital contributions, can be settled at a bank according to such enterprise's actual business needs. For the time being, the proportion for the discretionary settlement of foreign exchange capitals of foreign-invested enterprises is 100%.

According to the Notice of the SAFE on Reforming and Regulating the Administrative Policies on Capital Account Foreign Exchange Settlement (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated on 9 June 2016 and effective as from the same date, policies for the discretionary settlement of foreign exchange income under the capital account by domestic institutions are unified, which means that domestic institutions may settle their foreign exchange receipts under the capital account (including foreign exchange capital, foreign debts and repatriated funds raised through overseas listing) to which the application of discretionary settlement has been specified by relevant policies according to relevant policies with banks as actually needed for business operation. For the time being, the proportion for the discretionary settlement of foreign exchange receipts under the capital account for domestic enterprises is 100%.

On 23 October 2019, SAFE issued the Notice on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which canceled the restriction on domestic equity investment by non-investment foreign-invested enterprises using their capital funds, and according to which, non-investment foreign-invested enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise of not violating the current special administrative measures for the access of foreign investment (negative list) and the projects invested in the PRC are true and compliant.

Foreign Exchange Registration

On 4 July 2014, SAFE issued the Circular on Relevant Issues concerning Foreign Exchange Administration in Overseas Investment and Financing and Roundtrip Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the "**Circular 37**") which became effective on 4 July 2014. Under Circular 37, both domestic institutions and individual residents of the PRC are required to register with SAFE for their overseas investments prior to contributing their legitimate domestic and overseas assets or equity interests into "offshore special purpose vehicles", which are defined as overseas enterprises that are directly established or indirectly controlled by domestic residents (including domestic institutions and domestic individual residents) for the purpose of investment and financing.

On 13 February 2015, SAFE published the Circular on Further Simplifying and Improving the Foreign Exchange Administration Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, the "**Circular 13**") which became effective on 1 June 2015. Pursuant to Circular 13, the foreign exchange registration under domestic and overseas direct investment can be directly conducted with qualified banks in accordance with the Operating Guidelines for Foreign Exchange Business in Direct Investment (《直接投資外匯業務操作指引》) annexed to Circular 13.

PRC LAWS AND REGULATIONS ON MERGER AND ACQUISITION BY FOREIGN INVESTORS

The Regulations on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》, the "**M&A Rules**") was promulgated jointly by the MOFCOM, the SAFE and four other government authorities on 8 August 2006, which took effect on 8 September 2006 and was subsequently revised and re-implemented by the MOFCOM on 22 June 2009.

According to the M&A Rules, merger and acquisition of domestic enterprises by foreign investors include: (i) a foreign investor's acquisition of any equity interests of any shareholder of a non-foreign-invested enterprise (the "**Domestic Company**") in the PRC or subscribing to any increased capital of a Domestic Company, thus converting the Domestic Company into a foreign-invested enterprise, or; (ii) a foreign investor's establishment of a foreign-invested enterprise and acquisition of, through such enterprise, any asset of any domestic enterprise by agreement and operating such asset, or the foreign investor's acquisition of any asset of a domestic enterprise by agreement and injecting such asset to establish a foreign-invested enterprise to operate such asset. Pursuant to Article 11 of the M&A Rules, the merger and acquisition by a company legitimately established or controlled by PRC individuals, companies or enterprises outside the PRC of any Domestic Company affiliated with such PRC individuals, companies or enterprises shall be submitted to the MOFCOM for approval.

Pursuant to the Notice on Issuing the Guiding Manual on the Administration of Foreign Investment Access (2008 Edition) (《商務部外資司關於下發<外商投資准入管理指引手冊>(2008年版)的通知》) promulgated by the Foreign Investment Department of the MOFCOM on 18 December 2008 and taking effect on the same day, the M&A Rules is not applicable to the transfer of equity interests in existing foreign-invested enterprises from a Chinese party to a foreign party regardless of whether there is any affiliated relationship between the Chinese party and the foreign party, and whether the foreign party is the original shareholder or new investor. The target company of the M&A Rules shall only include domestic non-foreign-invested enterprises.

LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and the supporting guidance documents (collectively, the "**Measures on Listing**"), which came into effect on 31 March 2023. According to the Measures on Listing, any overseas offering and listing made by an issuer will be deemed to be indirect if it meets both the following conditions: (1) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and (2) the main parts of the issuer's business activities are conducted in China, or its main places of business are located in China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in China. The determination as to whether or not an overseas offering and listing by domestic companies is indirect, shall be made on a substance over form basis. Initial [**REDACTED**] or listings in overseas markets shall be filed with the CSRC within 3 working days after the relevant application is submitted overseas.

The Measures on Listing also provided that no overseas offering and listing shall be made under any of the following circumstances: (1) where such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (2) where the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (3) where the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (4) where the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law, and no conclusion has yet been made thereof; (5) where there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller.

Furthermore, according to the Measures on [**REDACTED**], where a domestic company fails to fulfill filing procedure, the CSRC shall order rectification, issue warnings to such domestic company, and impose a fine of between RMB1,000,000 and RMB10,000,000. The CSRC shall also, in accordance with law, incorporate the compliance status of relevant market participants in respect of the Measures on [**REDACTED**] into the Securities Market Integrity Archives and upload the record to the National Credit Information Sharing Platform, with a view to strengthening cross-agency information sharing through concerted efforts with competent authorities, and enforcing punishment and deterrence in accordance with laws and regulations.

We had completed the filing procedures with the CSRC for the [**REDACTED**] and on 14 September 2023, the CSRC issued a notification to us confirming the completion of the filing procedures for the overseas [**REDACTED**] on the Stock Exchange.

PRC LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

According to the EIT Law (《中華人民共和國企業所得稅法》) which was promulgated by the NPC on 16 March 2007, became effective on 1 January 2008, and was amended on 24 February 2017 and 29 December 2018, enterprises are divided into 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 or regions but whose actual de facto control entity is within the PRC. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries or regions and whose actual de facto control entity is outside the PRC, but which (i) have offices or premises in the PRC, or (ii) have no offices or premises within the PRC but have income generated from China. A uniform income tax rate of 25% is applied to resident enterprises on their income generated from or outside China and to non-resident enterprises which have offices or premises in the PRC on their income that is derived from such offices or premises inside the PRC and on their income that is sourced outside the PRC but is actually connected with the said offices or premises. Pursuant to the EIT Law, non-resident enterprises, which have not set up offices or premises in the PRC, or which have set up offices or premises in the PRC but whose income have no actual relationship with such offices or premises, shall pay enterprise income tax in relation to the income originating from the PRC at the tax rate of 20%. However, according to the Regulation on the Implementation of EIT Law (《中華人民共和國企業所得稅法實施條例》) which was promulgated by the State Council on 6 December 2007, became effective on 1 January 2008, and was amended on 23 April 2019, the rate was reduced from 20% to 10%. The EIT Law provides that the enterprise income tax should be levied at the reduced rate of 15% for "High and New Technology Enterprises" in need of special support by the PRC government.

Pursuant to the Announcement of the SAT on Issues Regarding Implementation of Preferential Income Tax Policy for High and New Technology Enterprises (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》) issued by the SAT on 19 June 2017 with effect from the same day, an enterprise qualified as high or new technology enterprise shall enjoy preferential tax treatment from the year of issuance indicated on its certificate of high and new technology enterprise, and go through record-filing procedures with the competent tax authority in accordance with relevant provisions. In the year of expiry of its qualification as high and new technology enterprise, enterprise income tax shall be temporarily levied at the rate of 15% before renewal of the qualification; if the enterprise fails to obtain such qualification by the end of the year, the tax underpaid during the corresponding period shall be made up according to relevant provisions.

Dividends Withholding Tax

The PRC and Hong Kong governments entered into the Arrangement between the Mainland China and Hong Kong Special Administrative Region 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避免雙重徵稅和防止偷漏稅的安排》, the "**Arrangement**") on 21 August 2006. According to the Arrangement, the withholding tax rate on dividends paid by a PRC company to a Hong Kong resident entity is 5% if such Hong Kong resident entity directly holds at least 25% of the equity interests in the PRC company.

Pursuant to the Circular of the State Administration of Taxation on Relevant 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》), which was promulgated by the SAT on 20 February 2009 and became effective on the same day, all of the following conditions shall be satisfied in order to enjoy the preferential tax rate provided under the tax treaty: (i) the tax resident that receives dividends should be a company as provided in the tax treaty and the beneficial owner of the dividends; (ii) the equity interests and voting shares directly owned by such tax resident in the PRC resident company should reach the percentage specified in the tax treaty; and (iii) the equity interests directly owned by such tax resident in the PRC resident company shall, at any time during the twelve months prior to receiving the dividends, reach the percentage specified in the tax treaty.

Pursuant to the Administrative Measures for Non-resident Taxpayers to Enjoy Treatment under Treaties (《非居民納稅人享受協定待遇管理辦法》), which was promulgated by the SAT on 14 October 2019 and came into effect on 1 January 2020, non-resident taxpayers satisfying the conditions for claiming treaty benefits may enjoy treaty benefits on their own when filing a tax return by themselves or making a withholding declaration through a withholding agent, and shall gather and retain the relevant materials for future inspection and accept the subsequent administration by the tax authorities.

Value-added Tax

According to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on 13 December 1993, taking effect on 1 January 1994 and last amended on 19 November 2017, as well as the Implementation Rules of the Provisional 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 by the MOF on 25 December 1993, taking effect on the same day and last amended on 28 October 2011, entities and individuals that engage in sale of goods, provision of processing, repairing and replacement services, sale of services, intangible assets or real estate, or import of goods within the territory of the PRC shall be taxpayers of value-added tax (the "**VAT**"). The tax rate for sale of services shall be 6% unless otherwise stipulated. As to small-scale taxpayers, the levy rate of VAT shall be 3%, except as otherwise specified by the State Council.

PRC LAWS AND REGULATIONS ON LABOUR PROTECTION

Labour Law

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 became effective on 1 January 1995, and was amended on 27 August 2009 and 29 December 2018, sets out that an employer shall develop and improve its internal rules and regulations in accordance with the law to safeguard the rights of its workers. An employer shall develop and improve its labour safety and health system, stringently implement national rules and standards on labour safety and health, provide labour safety and health education to workers, prevent accidents during work and reduce occupational hazards. An employer shall develop a vocational training system. Vocational training funds shall be set and used in accordance with national regulations and vocational training for workers shall be carried out in a systematically planned way based on the actual conditions of the company.

Labour Contract Law

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》, the "**Labour Contract Law**") was promulgated by the SCNPC on 29 June 2007, came into effect on 1 January 2008 and was amended on 28 December 2012, while the Regulations on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) was promulgated by the State Council on 18 September 2008 and came into effect on the same day. The Labour Contract Law and its implementation regulations are enacted to define the rights and obligations of parties to a labour contract, including matters with respect to the establishment, performance and termination of a labour contract. It is stipulated that an employer shall enter into written labour contracts with its employees and pay labour remuneration to the employees timely and in full amount in accordance with the terms of the labour contracts. An employer may legally terminate a labour contract and dismiss an employee after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions.

Social Insurance

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, came into effect on 1 July 2011 and was amended on 29 December 2018, requires that enterprises in the PRC shall make social insurance registration with the local social insurance authorities and pay social insurance premiums, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, for their employees. Under the circumstance where an employer fails to pay social insurance premiums on time and in full, it might be subject to a rectification order by competent authorities and an overdue fine at the rate of 0.05% of the outstanding amount on a daily basis from the due date. In addition, if the employer still fails to make such payment in full amount within the prescribed time limit, a fine in the amount of one to three times of the outstanding payment might be imposed by the competent authorities.

Housing Provident Fund

According to the Regulations on the Management of Housing Provident Fund (《住房公積金管理條例》) promulgated and implemented by the State Council on 3 April 1999 and amended on 24 March 2002 and 24 March 2019, enterprises in the PRC shall make housing provident fund deposit registration and open housing provident fund accounts for their employees with the housing provident fund management centre. The monthly amount of housing provident fund deposited by each the employee and the employer shall not be less than 5% of the monthly average salary of the employee in the previous year. If an employer fails to make full payment of housing provident fund for its employees in accordance with relevant laws and regulations, the relevant housing provident fund management centre shall order it to make the payment within a prescribed time limit. If payment is still not made within the prescribed time limit, an application may be made to the people's court for compulsory enforcement.

HISTORY AND BUSINESS DEVELOPMENT

Our Company acts as the holding company of our Group and was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021. Our Group is a branding, advertising and market services provider based in Hubei Province and offer branding, advertising, and marketing services which comprise (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services to our customers; and (v) provision of advertisement placement services. Our history can be traced back to 2011, when our founders, Ms. Zheng Qingxiang (鄭青香) and Mr. Chen Chishun (陳熾順) established Huashi Media under the initial name of "Wuhan Shengshi Tongyuan Cultural Communication Company Limited* (武漢盛世同元文化傳播有限公司)". Ms. Zheng Qingxiang and Mr. Chen Chishun are the parents of Mr. Chen, one of our executive Directors and Controlling Shareholders of our Group. Mr. Chen joined our Group in February 2011. On 20 August 2012, Mr. Chen made a capital injection into Huashi Media in the amount of RMB970,000 and upon completion of the said capital injection, Mr. Chen became the owner of Huashi Media as to 97%, and since then Mr. Chen has become the primary person responsible for the management of our Group.

In January 2016, the shares of Huashi Media were listed on the NEEQ, and was subsequently delisted in April 2019 in preparation for the [**REDACTED**]. In 2016, we had obtained the qualification as advertisement agent of a state-owned national broadcaster in the PRC. To expand our business, in 2017, we started to provide branding services to our customers, and in 2018, having noted the increasing demand for multi-channel advertising services and the rapid development of technology and the internet, we expanded our advertising services to provide online media advertising services. Huashi Media was accredited as a High and New Technology Enterprise* (高新技術企業) in November 2017 which was renewed in December 2020.

Mr. Chen has accumulated over 12 years of experience in the brand, advertising and media industry. Since he joined Huashi Media, Mr. Chen has been the pillar of our management. For further details about Mr. Chen, please refer to the section headed "Directors and Senior Management" in this document.

BUSINESS MILESTONES

The following table sets forth key developments and milestones of our Group since our establishment:

Year	**Event**
2011	Huashi Media was established in Wuhan, the PRC
2012	We commenced and started to develop our advertising and market services
	Huashi Chuangxiang was established in Wuhan, the PRC

Year	Event
2013	We commenced and started to develop our event execution and production services
2016	We obtained the qualification as advertisement agent of a state-owned national broadcaster in the PRC
	Huashi Media and its then subsidiaries was recognised as a Strategic Cooperation Partner of the "Five Stars Alliance" ("五星聯盟"戰略合作夥伴) by Guangdong Weishi* (廣東衛視), Henan Weishi* (河南衛視), Hubei Weishi* (湖北衛視), Liaoning Weishi* (遼寧衛視) and Sichuan Weishi* (四川衛視)
	The shares of Huashi Media were listed on the NEEQ in January (subsequently delisted in April 2019)
2017	Huashi Media was accredited as a High and New Technology Enterprise* (高新技術企業)
	We commenced and started to develop our branding services
	Dabieshan Culture was established in Macheng, the PRC
2018	Huashi Media was awarded the Macau International Advertising Festival: 2017-2018 Most Influential Communication Company* (澳門國際廣告節: 2017-2018年度中國最具影響力傳播公司)
	We commenced and started to develop our online media advertising service
	Wuyuan Fujie was established in Beijing, the PRC
2020	Huashi Media was awarded as the China International Advertising Festival: 2020 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2020年度金夥伴獎)
	Huashi Media successfully renewed its accreditation as a High and New Technology Enterprise* (高新技術企業)
	Huashi Media was accredited as a China Level One Advertising Company: Media Service* (中國一級企業「媒體」服務類)
	Huashi Media was accredited as a Enterprise Credit Rating AAA Credit Enterprise* (企業信用評級AAA級信用企業)

Year	Event
2021	Huashi Media was awarded as the China International Advertising Festival: 2021 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2021年度金夥伴獎)
	Huashi Media successfully renewed its accreditation as a China Level One Advertising Company Media Service* (中國一級企業「媒體」服務類)
	Huashi Media was awarded as a Provincial Specialized, Sophisticated, Special and New Little Giant Enterprise* (省級專精特新小巨人企業) by the Department of Economy and Information Technology of Hubei Province (湖北省經濟和信息化廳)
2022	Huashi Media was awarded as a Provincial 4th Batch Specialized, Sophisticated, Special and New Little Giant Enterprise* (省級第四批專精特新小巨人企業) by the Department of Economy and Information Technology of Hubei Province (湖北省經濟和信息化廳) effective from May 2022 to April 2025

CORPORATE HISTORY AND DEVELOPMENT

As at the Latest Practicable Date, Huashi Media, Huashi Chuangxiang, Dabieshan Culture and Wuyuan Fujie were the operating subsidiaries of our Group. The following table contains brief information of our Company and our subsidiaries as at the Latest Practicable Date:

Name	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities
Our Company	18 February 2021	Cayman Islands	Investment holding
Subsidiaries			
Huashi International	24 February 2021	BVI	Investment holding
Huashi HK	16 March 2021	Hong Kong	Investment holding
Huashi Brand Management	7 April 2021	PRC	Investment holding

Name	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities
Huashi Media	23 February 2011	PRC	Provision of branding services, traditional offline media advertising services, online media advertising services, event execution and production services and advertisement placement services
Huashi Chuangxiang	26 December 2012	PRC	Provision of branding services, traditional offline media advertising services, online media advertising services and event execution and production services
Dabieshan Culture	7 April 2017	PRC	Provision of traditional offline media advertising services, online media advertising services and event execution and production services
Wuyuan Fujie	5 February 2018	PRC	Provision of traditional offline media advertising services, online media advertising services and event execution and production services
Donghu Brand Research	20 April 2021	Hong Kong	No business operations

Our Directors consider that by retaining Donghu Brand Research, which is inactive and does not currently have any business operation, within our Group, such readily available corporate vehicle may be used by our Group if and when any need arise in the future and in such circumstances the time of incorporating new corporate vehicles can be saved in this regard.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each, and is an investment holding company and became the holding company of our Group upon completion of the Reorganisation for the purpose of the [**REDACTED**] with our businesses conducted through our operating subsidiaries in the PRC.

For further details of the corporate development of our Company, please refer to the paragraph headed "Reorganisation" in this section.

Our Operating Subsidiaries

Huashi Media

Huashi Media was established in the PRC on 23 February 2011 with an initial registered capital of RMB30,000 under the initial company name of "Wuhan Shengshi Tongyuan Cultural Communication Company Limited* (武漢盛世同元文化傳播有限公司)". As at the Latest Practicable Date, Huashi Media was principally engaged in the provision of branding services, traditional offline media advertising services, online media advertising services, event execution and production services and advertisement placement services.

The name of Huashi Media was changed from "Wuhan Shengshi Tongyuan Cultural Communication Company Limited* (武漢盛世同元文化傳播有限公司)" to "Wuhan Huashi Shujin Communication Company Limited* (武漢華視書錦傳播有限公司)" on 13 December 2013, then to "Huashi Zhongguang International Media (Wuhan) Co., Ltd.* (華視中廣國際傳媒(武漢)股份有限公司" on 24 August 2015, then to "Wuhan Huashi Zhongguang International Media Company Limited (武漢華視中廣國際傳媒有限責任公司)" on 30 April 2019, and further to the current name of "Huashi Zhongguang International Media (Wuhan) Company Limited* (華視中廣國際傳媒(武漢)有限責任公司)" on 13 May 2019.

On the date of its establishment, Huashi Media was owned by Ms. Zheng Qingxiang (鄭青香) and Mr. Chen Chishun (陳熾順) as to 70% and 30% respectively. Ms. Zheng Qingxiang and Mr. Chen Chishun are the parents of Mr. Chen. On 20 August 2012, Mr. Chen made a capital injection into Huashi Media in the amount of RMB970,000, which was determined with reference to the then paid-up capital of the then shareholders. The capital injection was settled and was legally completed on the same day. Upon completion of the said capital injection, the registered capital of Huashi Media increased to RMB1,000,000, and Huashi Media was owned by Mr. Chen, Mr. Chen Chishun and Ms. Zheng Qingxiang as to 97%, 0.9% and 2.1% respectively.

On 6 April 2015, Mr. Chen made a capital injection into Huashi Media in the amount of RMB1,970,000, which was determined with reference to the then paid-up capital of the then shareholders. The capital injection was settled on 10 April 2015, and was legally completed on 13 April 2015. Upon completion of the said capital injection, the registered capital of Huashi Media increased to RMB3,000,000, and Huashi Media was owned by Mr. Chen, Mr. Chen Chishun and Ms. Zheng Qingxiang as to 99%, 0.7% and 0.3% respectively.

On 3 June 2015, Mr. Chen, Ms. Wang, Mr. Hu and Ms. Xue, amongst other shareholders, made a further round of capital injection into Huashi Media in the aggregate amount of RMB7,000,000, which was determined with reference to the then paid-up capital of the then shareholders. The capital injection was settled on the same day, and was legally completed on 12 June 2015. Upon completion of the said capital injection, the registered capital of Huashi Media increased to RMB10,000,000.

The following table sets forth the shareholding structure of Huashi Media upon completion of the said capital injections:

Shareholders *(Note 1)*	**Amount of registered capital subscribed** *(RMB)*	**Approximate % of equity interest**
Mr. Chen	8,680,000	86.8%
Huang Shujun (黃樹軍)	600,000	6%
Ms. Wang	200,000	2%
Song Qiong (宋瓊)	200,000	2%
Mr. Hu *(Note 2)*	50,000	0.5%
Wang Ming (王明)	50,000	0.5%
Liu Rongshi (劉榮仕)	40,000	0.4%
Guo Jianhui (郭建輝)	30,000	0.3%
Zheng Qingxiang (鄭青香)	21,000	0.21%
Cheng Ying (程英)	20,000	0.2%
Hu Anwei (胡安偉)	20,000	0.2%
Li Ying (李影)	20,000	0.2%
Zhang Feng (張烽)	20,000	0.2%
Ms. Xue	10,000	0.1%
Chen Ying (陳瑩)	10,000	0.1%
Yang Long (楊龍)	10,000	0.1%
Chen Chishun (陳熾順)	9,000	0.09%
Li Na (李娜)	5,000	0.05%
Wang Wushuang (王武霜)	5,000	0.05%
Total	10,000,000	100%

Note(s):

1. Other than Mr. Chen, Mr. Hu, Ms. Wang and Ms. Xue who are current shareholders of the Company after completion of our Reorganisation, the shareholders above consist of (i) seven previous employees of the Group, being Zhang Feng, Wang Ming, Chen Ying, Guo Jianhui, Li Ying, Li Na and Liu Rongshi; (ii) four current employees of the Group, being Song Qiong, Cheng Ying, Wang Wushuang and Yang Long, who is one of our senior management; (iii) Hu Anwei, who is the current supervisor of Huashi Chuangxiang; (iv) one Independent Third Party, being Huang Shujun; and (v) Zheng Qingxiang and Chen Chishun, who are the parents of Mr. Chen.

2. Mr. Hu is a cousin of Mr. Chen, and prior to his capital injection, he worked as the assistant general manager of Huashi Chuangxiang from June 2013 to August 2014, and decided to make the capital injection into Huashi Media as he was optimistic about the strategic planning and developments of our Group considering our business prospects and growth potential.

Listing on and delisting from the NEEQ

In order to attract financing to further expand its business, Huashi Media decided to tap into the capital market by seeking a listing on the NEEQ. In view of the listing on the NEEQ, on 24 August 2015, pursuant to a shareholders' resolution, Huashi Media was converted into a joint stock company with limited liability in the PRC. On 29 January 2016, Huashi Media was listed on the NEEQ under the stock code of 835724 and with a registered capital of RMB10,000,000.

By a shareholders' resolution passed on 13 May 2017, Huashi Media proposed to issue an aggregate of not more than 4,500,000 new shares to certain then existing and new shareholders, for a total consideration of not more than RMB11,250,000, which was determined after arm's length negotiation with the subscribers, taking into account, among others, the financial performance of Huashi Media for the year ended 31 December 2016 and its prospects. On 30 June 2017, Huashi Media confirmed to issue such 4,500,000 new shares. RMB4,500,000 was injected into the registered share capital of Huashi Media and the remaining RMB6,750,000 was credited to the capital reserves of Huashi Media. As a result, the registered capital of Huashi Media increased to RMB14,500,000 and its total number of issued shares increased to 14,500,000 shares. Upon completion of the said share issue, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Hu, Ms. Xue and other shareholders as to approximately 79.6827%, 2.7587%, 4.669%, 0.2068% and 12.6828% respectively. Save for the above, Huashi Media did not have other fund raising activities during its listing on the NEEQ.

By a shareholders resolution passed on 18 September 2017, Huashi Media declared interim dividends to be distributed by the issue of five shares to all then shareholders for every ten shares being held by way of capitalisation of capital reserve, based on the then total number of issued shares of Huashi Media of 14,500,000 shares. As a result, the registered capital of Huashi Media increased to RMB21,750,000 and its total number of issued shares increased to 21,750,000 shares. Upon completion of the said distribution, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Hu, Ms. Xue, Beijing Yuese Chuangxiang Internet Technology Company Limited* (北京約瑟創享網絡科技有限公司) ("**Beijing Yuese**") and other shareholders as to approximately 74.8575%, 2.7586%, 5.7609%, 0.4138%, 4.5011% and 11.7081% respectively. Beijing Yuese has been indirectly owned by Mr. Chen as to 1% equity interest since 29 August 2018, while the remaining 99% equity interest in Beijing Yuese is owned by Independent Third Parties.

Subsequently, Huashi Media was delisted from the NEEQ on 17 April 2019. Upon the delisting, Huashi Media's registered capital was RMB21,750,000. As confirmed by our PRC Legal Advisers, the delisting of Huashi Media from the NEEQ was legally completed and the necessary approvals have been obtained. Based on the closing share price of Huashi Media of RMB19.9 per share on the last day when it was listed on the NEEQ, its market capitalisation was RMB432,825,000.

Non-compliance during listing on the NEEQ

Particulars of the non-compliance

Huashi Media provided short-term loans to its related parties (the "**Loan Advances**"), including Mr. Chen and Ms. Xue, in breach of the relevant PRC laws and regulations and the internal rules and measures of Huashi Media between January 2016 and June 2016 (the "**Period of Advances**"), and did not make disclosure in a timely manner in relation to such continuing connected transactions (the "**Non-compliance Incidents**").

The Loan Advances provided by the Group to Mr. Chen and Ms. Xue were mainly used for the transportation expenses and entertainment expenses which were also for the purpose of the business development and network building activities of Huashi Media. The loans advanced to Mr. Chen in the amount of RMB1,377,000 were repaid in full in July 2016, while that advanced to Ms. Xue in the amount of RMB60,000 was repaid in full in March 2016. In August 2016, Mr. Chen and Ms. Xue paid interests on such loans in the amount of RMB6,811.99 and RMB324.1, respectively, which were determined based on the then prevailing bank lending rates.

For further details of the Loan Advances and the circumstances rendering the Loan Advances to be Non-compliance Incidents, please refer to the paragraph headed "Business – Non-compliance" in this document.

Our Directors confirmed that, save as disclosed above, (i) during the period in which the shares of Huashi Media were listed on the NEEQ, Huashi Media, its subsidiaries and directors were not involved in any breach or suspected breach of the applicable rules or regulations of the NEEQ in all material aspects; and (ii) there has not been any matter that need to be brought to the attention of the regulators and investors in Hong Kong in respect of Huashi Media's listing on the NEEQ. Our Directors further confirmed that, during the process of delisting from the NEEQ, the relevant regulatory authorities had not raised any concern as to the non-compliance incident set out above. Our PRC Legal Advisers are of the view that during the period in which the shares of Huashi Media were listed on the NEEQ, save as disclosed above, (i) Huashi Media and its subsidiaries had complied with the applicable rules and regulations of the NEEQ in all material aspects; and (ii) to the best of their knowledge, none of the directors of Huashi Media was involved in any material breach or suspected breach of the applicable rules or regulations of the NEEQ.

The Sole Sponsor has undertaken independent due diligence against Huashi Media including conducting background and litigation searches and reviewing the announcements published by Huashi Media on the NEEQ website as well as the legal opinion of our PRC Legal Advisers. Based on the said due diligence work, nothing has come to the attention of the Sole Sponsor which suggests that our Group and our Directors were not in compliance with all relevant PRC laws and regulations in all material aspects during the listing on the NEEQ, save for the non-compliance incident set out above.

Having considered that NEEQ is a market in the PRC open to qualified investors only and it currently has a low trading volume, our Directors believe that the [**REDACTED**] on the Stock Exchange, which we believed to be a mature financing platform with a sound regulatory regime, will benefit our Group's operations and future business development strategies by providing direct access to the international capital markets, raising our brand awareness, enhancing our fund-raising capabilities and broadening our shareholders base.

The following table sets forth the shareholding structure of Huashi Media immediately after its delisting on the NEEQ:

Shareholders *(Note 1)*	**Number of shares in Huashi Media held**	**Approximate % of equity interest**
Mr. Chen	16,281,500	74.8575%
Mr. Hu	1,253,000	5.7609%
Beijing Yuese	979,000	4.5011%
Huang Shujun (黃樹軍)	900,000	4.1379%
Zhang Feng (張烽)	619,000	2.8460%
Ms. Wang	600,000	2.7586%
Song Qiong (宋瓊)	300,000	1.3793%
Wang Ming (王明)	270,000	1.2414%
Chen Ying (陳瑩)	120,000	0.5517%
Ms. Xue	90,000	0.4138%
Liu Lirong (劉麗蓉)	69,000	0.3172%
Zhang Xing (張醒)	60,000	0.2759%
Wang Wushuang (王武霜)	52,500	0.2414%
Cheng Ying (程英)	45,000	0.2069%
Zheng Qingxiang (鄭青香)	31,500	0.1448%
Hu Anwei (胡安偉)	30,000	0.1379%
Liu Ming (劉鳴)	15,000	0.0690%
Yang Long (楊龍)	15,000	0.0690%
Chen Chishun (陳熾順)	13,500	0.0621%
Liu Rongshi (劉榮仕)	6,000	0.0276%
Total	21,750,000	100%

Note(s):

1. Other than Mr. Chen, Mr. Hu, Ms. Wang and Ms. Xue who are current shareholders of the Company after completion of our Reorganisation, the individual shareholders above consist of (i) six previous employees of the Group, being Zhang Feng, Wang Ming, Chen Ying, Zhang Xing, Liu Lirong and Liu Rongshi; (ii) four current employees of the Group, being Song Qiong, Cheng Ying, Wang Wushuang and Yang Long, who is one of our senior management; (iii) Hu Anwei, who is the current supervisor of Huashi Chuangxiang; (iv) two Independent Third Parties, being Huang Shujun and Liu Ming; and (v) Zheng Qingxiang and Chen Chishun, who are the parents of Mr. Chen.

Subsequent to the delisting from the NEEQ, on 30 April 2019, Huashi Media was converted into a limited liability company.

Subsequent transfers of equity interests

In order to consolidate the shareholding of Huashi Media, and in view of the proposed [**REDACTED**] and the intended shareholding structure upon [**REDACTED**], various equity transfer agreements were entered into for the transfer of the equity interest in Huashi Media, with details as follows:

	Transferor	Transferee	Consideration *(RMB)*	Approximate % of equity interest transferred	Date of settlement of consideration
Equity transfer agreements entered into on 26 July 2020					
1.	Mr. Hu	Mr. Chen	167,000	0.7678%	20 July 2020
2.	Huang Shujun (黃樹軍)	Mr. Chen	900,000	4.1379%	20 July 2020
3.	Ms. Wang	Mr. Chen	49,000	0.2253%	18 July 2020
4.	Song Qiong (宋瓊)	Mr. Chen	Nil *(Note 1)*	1.3793%	N/A
5.	Liu Lirong (劉麗蓉)	Mr. Chen	69,000	0.3172%	20 July 2020
6.	Zhang Xing (張醒)	Mr. Chen	60,000	0.2759%	20 July 2020
7.	Wang Wushuang (王武霜)	Mr. Chen	52,500	0.2414%	20 July 2020
8.	Cheng Ying (程英)	Mr. Chen	45,000	0.2069%	20 July 2020
9.	Zheng Qingxiang (鄭青香)	Mr. Chen	Nil *(Note 1)*	0.1448%	N/A
10.	Hu Anwei (胡安偉)	Mr. Chen	30,000	0.1379%	20 July 2020
11.	Liu Ming (劉鳴)	Mr. Chen	15,000	0.0690%	20 July 2020
12.	Yang Long (楊龍)	Mr. Chen	15,000	0.0690%	20 July 2020
13.	Chen Chishun (陳熾順)	Mr. Chen	Nil *(Note 1)*	0.0621%	N/A
14.	Liu Rongshi (劉榮仕)	Mr. Chen	6,000	0.0276%	20 July 2020

	Transferor	Transferee	Consideration *(RMB)*	Approximate % of equity interest transferred	Date of settlement of consideration
Equity transfer agreements entered into on 4 December 2020					
15.	Wang Ming (王明)	Ms. Wang	270,000	1.2414%	22 July 2020
16.	Mr. Chen	Mr. Nie	1,305,000	6%	23 July 2020
17.	Mr. Chen	Ms. Xue	130,000	0.5977%	22 July 2020
Equity transfer agreements entered into on 17 December 2020					
18.	Chen Ying (陳瑩)	Mr. Chen	120,000	0.5517%	21 July 2020
Equity transfer agreements entered into on 7 January 2021					
19.	Zhang Feng (張烽)	Ms. Wang	619,000	2.8460%	24 July 2020

Note:

1. Mr. Chen Chishun and Ms. Zheng Qingxiang are the parents of Mr. Chen, and Ms. Song Qiong was the spouse of Mr. Chen at the time of the transfer. Considering that Mr. Chen is the primary person responsible for the management of Huashi Media, and based on their family relationship, each of them gifted their equity interest in Huashi Media to Mr. Chen.

Save for the transfers by Mr. Chen Chishun, Ms. Zheng Qingxiang and Ms. Song Qiong which were made at nil consideration, the above considerations were determined with reference to the then registered capital of Huashi Media. The considerations for the above transfers were settled with the personal savings of the respective transferees. Upon completion of the said equity transfers, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Beijing Yuese as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively.

On 25 March 2021, Mr. Shen and Beijing Yuese entered into an equity transfer agreement, pursuant to which Beijing Yuese transferred approximately 4.5011% equity interest in Huashi Media to Mr. Shen at a consideration of RMB4,209,700. Upon completion of the said equity transfer, Huashi Media was owned as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Mr. Shen respectively. For further details including the basis of determination of the consideration, please refer to the paragraph headed "[**REDACTED**] investment" in this section.

As part of the Reorganisation, on 27 April 2021, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue entered into an equity transfer agreement with Huashi Brand Management, pursuant to which each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred their 76.8736%, 6.6207%, 6%, 4.9931% and 1.0115% equity interest in Huashi Media to Huashi Brand Management at the consideration of RMB16,720,000, RMB1,440,000, RMB1,305,000, RMB1,086,000 and RMB220,000 respectively, which were determined with reference to the then subscribed capital contribution of Huashi Media. On the same day, Huashi HK and Mr. Shen entered into an equity transfer agreement (as further amended and supplemented by a supplemental agreement dated 6 May 2021), pursuant to which Mr. Shen transferred 4.5011% equity interest in Huashi Media to Huashi HK at the consideration of RMB979,000, which was determined with reference to the then subscribed capital contribution of Huashi Media. Upon completion of the said equity transfers, Huashi Media was owned by Huashi Brand Management and Huashi HK as to approximately 95.4989% and 4.5011% respectively.

Huashi Chuangxiang

Huashi Chuangxiang was established in the PRC on 26 December 2012 with an initial registered capital of RMB2,000,000 under the initial name of "Hubei Huashi Television Broadcasting Media Company Limited* (湖北華視電廣傳媒有限公司)". At the date of establishment, Huashi Chuangxiang was owned by Mr. Chen and Mr. Hu Anwei (胡安偉), who is the current supervisor of Huashi Chuangxiang, as to 90% and 10% respectively. As at the Latest Practicable Date, Huashi Chuangxiang was principally engaged in the provision of branding services, traditional offline media advertising services, online media advertising services and event execution and production services.

On 4 August 2017, the name of Huashi Chuangxiang was changed from "Hubei Huashi Television Broadcasting Media Company Limited* (湖北華視電廣傳媒有限公司)" to the name of "Huashi Zhongguang Film (Hubei) Company Limited* (華視中廣影業(湖北)有限公司)". On 7 February 2021, the name of Huashi Chuangxiang was further changed from "Huashi Zhongguang Film (Hubei) Company Limited* (華視中廣影業(湖北)有限公司)" to the current name of "Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司)".

Subsequent to a series of equity transfer and capital injection, at the commencement of the Track Record Period, Huashi Chuangxiang had a registered capital of RMB5,000,000, which had been partly paid-up as to RMB2,000,000, and had been wholly-owned by Huashi Media since the commencement of the Track Record Period up to the Latest Practicable Date.

Dabieshan Culture

Dabieshan Culture was established in the PRC on 7 April 2017 with an initial registered capital of RMB5,000,000. Since the date of its establishment and up to the Latest Practicable Date, Dabieshan Culture had been wholly-owned by Huashi Media. As at the Latest Practicable Date, Dabieshan Culture was principally engaged in the provision of traditional offline media advertising services, online media advertising services and event execution and production services.

Wuyuan Fujie

Wuyuan Fujie was established in the PRC on 5 February 2018 with an initial registered capital of RMB10,000,000. On the date of its establishment, Wuyuan Fujie was owned by Huashi Media and Mr. Zhao Yulu (趙宇路), who is the current supervisor of Wuyuan Fujie, as to 80% and 20% respectively. As at the Latest Practicable Date, Wuyuan Fujie was primarily engaged in the provision of traditional offline media advertising services, online media advertising services and event execution and production services.

As part of the Reorganisation, on 6 January 2021, Huashi Media and Mr. Zhao Yulu entered into an equity transfer agreement, pursuant to which Mr. Zhao Yulu transferred 20% equity interest in Wuyuan Fujie to Huashi Media at nil consideration, given that Mr. Zhao Yulu had not paid up the registered capital in respect of his interest at the time of the transfer. Upon completion of the said equity transfer, Wuyuan Fujie was wholly-owned by Huashi Media and remained a wholly-owned subsidiary of Huashi Media up to the Latest Practicable Date.

[**REDACTED**]

Mr. Nie

Mr. Nie was introduced to our Group and became acquainted with Mr. Chen through a common friend, Mr. Sun Shaofeng (孫少峰), when Mr. Nie and Mr. Chen were invited by Mr. Sun to a corporate event held in the PRC in early 2016 by a subsidiary of a company listed on the Stock Exchange, of which Mr. Sun was the legal representative at that time. Subsequently, around the time of delisting of Huashi Media from the NEEQ, Mr. Nie, having considered the business prospects and growth potential of our Group and our proposed [**REDACTED**], became interested in investing in our Group and reached a preliminary understanding with Mr. Chen on his intended investment. In around June 2020, Mr. Nie and Mr. Chen preliminarily agreed on the terms of the equity transfer, and on 4 December 2020, Mr. Chen and Mr. Nie entered into an equity transfer agreement, pursuant to which Mr. Chen transferred 6% equity interest in Huashi Media to Mr. Nie at a consideration of RMB1,305,000, which was determined with reference to the then registered capital of Huashi Media.

The equity transfer with Mr. Nie was made around the same period as the various equity transfers made to consolidate the shareholding of Huashi Media and to prepare for the intended shareholding structure upon our [**REDACTED**], details of which are set out in the paragraph headed "Corporate History and Development – Our Operating Subsidiaries – Huashi Media – Subsequent transfers of equity interests" in this section, and the basis of determination of the consideration of Mr. Nie was in line with the consideration for such other various equity transfers.

Given his experience in investment and in corporate management and involvement in directorship roles in listed companies, our Group believes that we will be able to benefit from Mr. Nie's investment through the strategic benefits that could potentially be brought by Mr. Nie as set out in the summary below. Further, Mr. Nie also provided advice and assistance to our Group through his resources and networks when Huashi Media was considering its delisting from the NEEQ and our proposed [**REDACTED**], including the introduction of certain professional parties for our proposed [**REDACTED**]. Mr. Nie also assumed a higher risk than Mr. Shen due to the uncertainty and unavailability of the financial performance of the Group for FY2020 and a higher inherent exit risk of the investment as our proposed [**REDACTED**] may not materialise at the time when his investment was made. Accordingly, there was a higher discount to [**REDACTED**] of the indicative [**REDACTED**] of approximately [**REDACTED**] for Mr. Nie's investment.

The consideration for the said equity transfer had been fully and unconditionally settled on 23 July 2020. Upon completion of the said equity transfer on the same day, Huashi Media was owned by Mr. Nie as to 6%.

As part of and upon completion of our Reorganisation, Youxin Capital, an investment holding company wholly-owned by Mr. Nie, became the owner as to 6% shareholding in our Company. For details, please refer to the paragraph headed "Reorganisation" in this section.

Mr. Shen

Mr. Shen was introduced to our Group in 2017 through Mr. Chen Jiulin (陳九霖), who is the legal representative and the largest ultimate beneficial owner of Beijing Yuese. After rounds of discussion among Huashi Media, Beijing Yuese and Mr. Shen, in April 2018, Beijing Yuese decided to become a strategic investor of Huashi Media and purchased 979,000 shares of Huashi Media on the NEEQ, but Mr. Shen, who had reservations on the prospects and liquidity of the NEEQ market, did not make any investment at the time. Subsequently, around the time of delisting of Huashi Media from the NEEQ, Beijing Yuese expressed interest in exiting its investment and on the other hand, Mr. Shen, who was optimistic about the business prospects and growth potential of our Group and our proposed [**REDACTED**], became interested in investing in our Group. After further discussion between Beijing Yuese and Mr. Shen, on 25 March 2021, Mr. Shen and Beijing Yuese entered into an equity transfer agreement, pursuant to which Beijing Yuese transferred approximately 4.5011% equity interest in Huashi Media to Mr. Shen at a consideration of RMB4,209,700, which was determined based on arm's length negotiation between Mr. Shen and Beijing Yuese with reference to (i) the appraised net asset value of Huashi Media and its subsidiaries of approximately RMB57.4 million as at 31 December 2020 pursuant to the asset valuation report dated 22 March 2021 prepared by an independent valuer; and (ii) a premium of approximately RMB1.6 million to the appraised net asset value represented by the approximately 4.5011% equity interest, which was determined taking into account the financial performance of our Group for the two years ended 31 December 2020 based on the unaudited management accounts of Huashi Media and the future business prospect of our Group.

Mr. Shen had a moderate inherent risk at the time of his investment as the time of application for our [**REDACTED**] and the [**REDACTED**] were then uncertain, and thus the discount to the [**REDACTED**] of the indicative [**REDACTED**] was approximately [**REDACTED**] for his investment. Given his experience in investment and corporate financing, our Group believes that we will be able to benefit from Mr. Shen's investment through the strategic benefits that could be brought by Mr. Shen as set out in the summary below.

The consideration for the said equity transfer was fully and unconditionally settled in cash on 14 April 2021. Upon completion of the said equity transfer on 30 March 2021, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Mr. Shen as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively, and as a result Huashi Media was converted from a PRC domestic company into a foreign invested company.

As part of and upon completion of our Reorganisation, Mr. Shen became the owner as to approximately 4.5011% shareholding in our Company. For details, please refer to the paragraph headed "Reorganisation" in this section.

Details of the said [**REDACTED**] are summarised as below:

[**REDACTED**]	Mr. Nie/Youxin Capital	Mr. Shen
Date of the agreement	4 December 2020	25 March 2021
Amount of consideration	RMB1,305,000	RMB4,209,700
Basis of determination of the consideration	Based on the then registered capital of Huashi Media	Based on arm's length negotiation between Mr. Shen and Beijing Yuese with reference to (i) the appraised net asset value of Huashi Media and its subsidiaries as at 31 December 2020 pursuant to the asset valuation report dated 22 March 2021 prepared by an independent valuer; and (ii) a premium to the appraised net asset value which was determined taking into account the financial performance of our Group for the two years ended 31 December 2020 and the future business prospect of our Group
Date of unconditional settlement of consideration of the [REDACTED]	23 July 2020	14 April 2021
Shareholding/equity interest in Huashi Media subscribed	6%	4.5011%

Investment cost per Share paid by the [REDACTED] upon [REDACTED] (immediately upon completion of the [REDACTED] and the [REDACTED]) *(Note 1)*	Approximately [**REDACTED**]	Approximately [**REDACTED**]
Discount to [REDACTED] of the indicative [REDACTED] *(Note 2)*	Approximately [**REDACTED**]	Approximately [**REDACTED**]
[REDACTED] from the [REDACTED] Investments	No [**REDACTED**] to our Group	No [**REDACTED**] to our Group
Strategic benefits brought to our Group	– Providing advice on the management of our Group's financial reporting and internal controls – Leveraging his business network to introduce potential customers and business opportunities to our Group	Leveraging his connections in the financial services market to potentially help with our corporate activities in the capital market
Shareholding of the [REDACTED] in our Company immediately following completion of the Reorganisation but prior to completion of the [REDACTED] and the [REDACTED]	6%	4.5011%
Shareholding in our Company immediately following completion of the [REDACTED] and the [REDACTED] *(Note 3)*	[**REDACTED**]	[**REDACTED**]
Special rights	Nil	Nil
Lock-up period	Nil	Nil

[**REDACTED**]	The Shares held by Mr. Nie/ Youxin Capital are regarded as part of the [**REDACTED**] for the purpose of Rule 8.08(1) of the Listing Rules as he will not become a substantial shareholder of our Company upon [**REDACTED**]	The Shares held by Mr. Shen are regarded as part of the [**REDACTED**] for the purpose of Rule 8.08(1) of the Listing Rules as he will not become a substantial shareholder of our Company upon [**REDACTED**]

Notes:

1. For illustration purpose assuming completion of the [**REDACTED**] and the [**REDACTED**], but without taking into account any Shares which may be issued upon the exercise of the [**REDACTED**] and any options which may be granted under the Share Option Scheme.

2. For illustration purpose assuming that the [**REDACTED**] is [**REDACTED**] per [**REDACTED**] (being the [**REDACTED**] of the [**REDACTED**] between [**REDACTED**] and [**REDACTED**] per [**REDACTED**]) and the exchange rate of RMB1.00 to HK$1.0916 is adopted.

3. Assuming that the [**REDACTED**] and the options which may be granted under the Share Option Scheme are not exercised.

Information regarding the [REDACTED]

Mr. Nie

Youxin Capital, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 29 December 2020, and is wholly-owned by Mr. Nie. Mr. Nie graduated from Jiangxi College of Finance and Economics (江西財經學院) (subsequently renamed as Jiangxi University of Finance and Economics (江西財經大學)) in the PRC with a bachelor's degree in economics in July 1986 and obtained a master's degree in business administration from the Open University of Hong Kong through distance learning in December 2000.

Mr. Nie has over 15 years of management experience and has previously made personal investments in other private equity and venture capital firms as well as in industrial sector. Mr. Nie became the deputy chief operating officer of China Green (Holdings) Limited (中國綠色食品(控股)有限公司) (stock code: 904.HK), a company listed on the Stock Exchange specialized in green food business, in June 2001 and was subsequently appointed as an executive director in November 2008. Mr. Nie resigned from the office of executive director in November 2013 but remained as the chief operating officer of such company until January 2017. From 2003 to 2008, Mr. Nie was an independent director of Guomai Technologies Inc. (國脈科技股份有限公司) (stock code: 002093.SZ), a telecom outsourcing service provider listed on the Shenzhen Stock Exchange. From June 2008 to June 2023, Mr. Nie was an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of China Lilang Limited (中國利郎有限公司) (stock code: 1234.HK), a men's clothing company listed on the Stock Exchange. From December 2014 to June 2017, Mr. Nie was an independent non-executive director and chairman of the remuneration committee and the nomination committee of Luxxu Group Limited (勵時集團有限公司) (previously known as Time2U International Holding Limited (時間由你國際控股有限公司)) (stock code: 1327.HK), a company principally engaged in the manufacture and sales of own-branded watches and jewelleries. From January 2016 to October 2019, he was a director of Fu Jian Time Cannel Information Technology Limited (福建天創信息科技股份有限公司), a company principally engaged in software development, system integration and technical services relating to social and public security which was previously listed on the NEEQ (stock code: 837908).

Mr. Nie also owns and operates the business of Xiamen Juxin Investment Co., Ltd.* (廈門颶鑫投資有限公司), a company principally engaged in investment in the primary, secondary and tertiary industries and providing corporate management advisory services, in which he has served as a director since January 2010. His source of fund mainly includes accumulated profits from his own investment gains from securities and other investments as well as his personal savings. Mr. Zhang Bei, one of our executive Directors, is the nephew of Mr. Nie. Save for the aforesaid and his investment in our Group, as at the Latest Practicable Date, Mr. Nie did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) and did not enter into any agreements, arrangements or understanding with our Group, our Shareholders, Directors or senior management or any of their respective associates.

Mr. Shen

Mr. Shen obtained a bachelor's degree in French from Beijing Foreign Studies University (北京外國語大學) in the PRC in July 1984, a master's degree in laws from Peking University (北京大學) in the PRC in July 1987. He also obtained an international diploma in public administration from the National School of Administration (École Nationale d'Administration) in France in November 1991.

Mr. Shen has extensive capital markets and investment experience. From January 1998 to March 2000, he worked at China International Capital Corporation Limited as a vice president. He was a responsible officer of BOCI Asia Limited from April 2003 to February 2004, and also subsequently worked at CLSA Capital Markets Limited and Credit Suisse (Hong Kong) Limited, before returning to China International Capital Corporation Limited as the executive general manager from September 2007 to December 2010. Since January 2011, he has been working at Beijing Yuese Corporate Management Co., Ltd.* (北京約瑟企業管理有限公司), a company engaged in the provision of corporate management services, and is currently its general manager. He is also currently the chairman of Shenzhen Yuese Equities Investment Management Co., Ltd.* (深圳約瑟股權投資管理有限公司), which is a private equity firm. Since January 2016, he has been appointed as a director of Sun Miracle Education (北京太奇教育科技股份有限公司), a company principally engaged in provision of educational services which is listed on the National Equities Exchange and Quotations (stock code: 870263), and has remained in such position up to the Latest Practicable Date.

Mr. Shen's source of fund mainly includes accumulated profits from his own investment gains from securities and other investments as well as his personal savings. As at the Latest Practicable Date, save for his investment in our Group, Mr. Shen did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) and did not enter into any agreements, arrangements or understanding with our Group, our Shareholders, Directors or senior management or any of their respective associates, and, to the best knowledge of our Directors having made reasonable enquiry, Mr. Shen is an Independent Third Party.

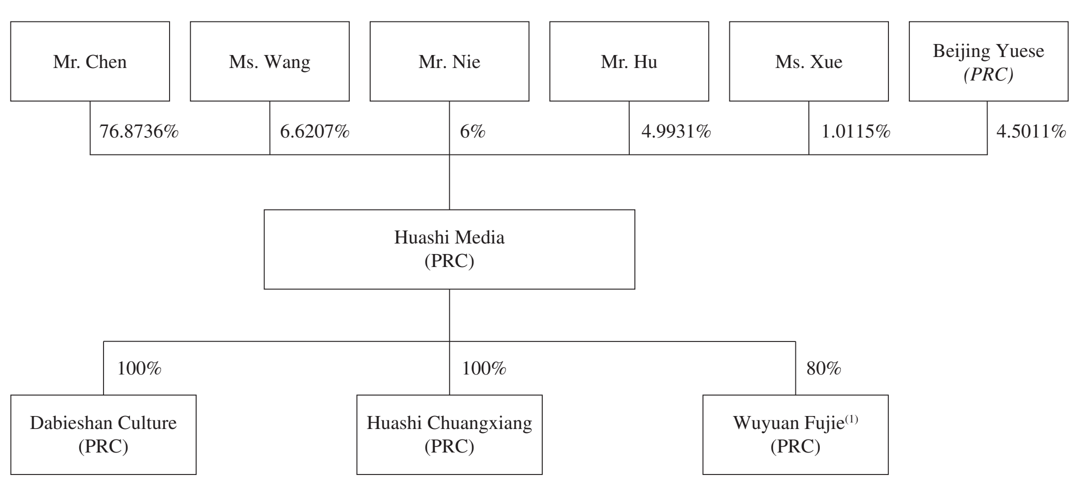
Save as disclosed above, our Directors confirmed that the [**REDACTED**] do not have other agreements, arrangements, understanding or undertakings with the Company, its subsidiaries, shareholders, directors or senior management or any of their respective associates.

Sole Sponsor's confirmation

The Sole Sponsor has confirmed that the [**REDACTED**] Investments are in compliance with the Guidance Letters issued by the Stock Exchange, namely HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 and HKEx-GL29-12 issued in January 2012 and updated in March 2017, as (i) the considerations for the [**REDACTED**] Investments were fully and irrevocably settled on 23 July 2020 and 14 April 2021 respectively which were more than 28 clear days prior to the date of the first submission of the [**REDACTED**] application to the Stock Exchange in relation to the [**REDACTED**]; and (ii) no special rights were granted to the [**REDACTED**] that will survive upon the [**REDACTED**] in respect of the [**REDACTED**] Investments. The Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017 is not applicable to the [**REDACTED**] Investments as no convertible instrument was issued.

REORGANISATION

The following chart sets forth our corporate structure immediately before the Reorganisation:



Note:

(1) The remaining 20% of the equity interest of Wuyuan Fujie was owned by Mr. Zhao Yulu, who is the current supervisor of Wuyuan Fujie.

In preparation for the [**REDACTED**] and as part of Reorganisation, we carried out the following steps:

1. Incorporation of JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture

JaiYi Culture

JaiYi Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US$1.00 was allotted and issued to Mr. Chen. Since then and up to the Latest Practicable Date, JaiYi Culture had been wholly-owned by Mr. Chen.

Yuanjin Culture

Yuanjin Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US$1.00 was allotted and issued to Ms. Wang. Since then and up to the Latest Practicable Date, Yuanjin Culture had been wholly-owned by Ms. Wang.

Youxin Capital

Youxin Capital, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 29 December 2020. On the date of its incorporation, one share of par value of US$1.00 was allotted and issued to Mr. Nie. Since then and up to the Latest Practicable Date, Youxin Capital had been wholly-owned by Mr. Nie.

Zhong Lun Culture

Zhong Lun Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US$1.00 was allotted and issued to Mr. Hu. Since then and up to the Latest Practicable Date, Zhong Lun Culture had been wholly-owned by Mr. Hu.

Hubei Jiaying Culture

Hubei Jiaying Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US$1.00 was allotted and issued to Ms. Xue. Since then and up to the Latest Practicable Date, Hubei Jiaying Culture had been wholly-owned by Ms. Xue.

2. Transfer of equity interest in Wuyuan Fujie

On 6 January 2021, Huashi Media and Mr. Zhao Yulu entered into an equity transfer agreement, pursuant to which Mr. Zhao Yulu transferred 20% equity interest in Wuyuan Fujie to Huashi Media at nil consideration, given that Mr. Zhao Yulu had not paid up the registered capital in respect of his interest at the time of the equity transfer. Upon completion of the said equity transfer, Wuyuan Fujie was wholly-owned by Huashi Media and remained a wholly-owned subsidiary of Huashi Media up to the Latest Practicable Date.

3. Incorporation of our Company, Huashi International and Huashi HK

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021, with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each, of which one ordinary share was allotted and issued to the initial subscriber, an Independent Third Party, which then transferred to Mr. Chen on the same day. On the same day, 16,719 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares were allotted and issued to Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue respectively. Upon completion of the said allotment and issue, our Company was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue as to approximately 80.5%, 6.93%, 6.28%, 5.23% and 1.06% respectively.

Huashi International

Huashi International, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 February 2021. On the date of its incorporation, one share of par value of US$1.00 was allotted and issued to our Company. Since then and up to the Latest Practicable Date, Huashi International had been wholly-owned by our Company.

Huashi HK

Huashi HK, an investment holding company, was incorporated as a limited liability company under the laws of Hong Kong on 16 March 2021. On the date of its incorporation, 50,000 ordinary shares were allotted and issued to Huashi International. Since then and up to the Latest Practicable Date, Huashi HK had been wholly-owned by Huashi International.

4. Transfer of equity interest in Huashi Media to Mr. Shen

On 25 March 2021, Mr. Shen and Beijing Yuese entered into an equity transfer agreement, pursuant to which Beijing Yuese transferred approximately 4.5011% equity interest in Huashi Media to Mr. Shen at a consideration of RMB4,209,700. Upon completion of the said equity transfer, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Mr. Shen as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively, and as a result Huashi Media was converted from a PRC domestic company into a foreign invested company. For further details, please refer to the paragraph headed "[**REDACTED**] investment" in this section.

5. Establishment of Huashi Brand Management

Huashi Brand Management, an investment holding company, was established in the PRC on 7 April 2021 with an initial registered capital of RMB5,000,000. Since the date of its establishment and up to the Latest Practicable Date, Huashi Brand Management had been wholly-owned by Huashi HK.

6. Establishment of Donghu Brand Research

Donghu Brand Research was incorporated under the laws of Hong Kong on 20 April 2021. On the date of its incorporation, 50,000 ordinary shares were allotted and issued to Huashi HK. Since then and up to the Latest Practicable Date, Donghu Brand Research had been wholly-owned by Huashi HK. Donghu Brand Research did not have any business operations as at the Latest Practicable Date.

7. Transfer of Shares in our Company

On 25 April 2021, Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred 16,720 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares in the Company to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively. Upon completion of the said transfers, our Company was owned by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture as to approximately 80.5%, 6.93%, 6.28%, 5.23% and 1.06% respectively.

8. Acquisition of Huashi Media by Huashi Brand Management

On 27 April 2021, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue entered into an equity transfer agreement with Huashi Brand Management, pursuant to which each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred their 76.8736%, 6.6207%, 6%, 4.9931% and 1.0115% equity interest in Huashi Media to Huashi Brand Management at the consideration of RMB16,720,000, RMB1,440,000, RMB1,305,000, RMB1,086,000 and RMB220,000 respectively, which were determined with reference to the then subscribed capital contribution of Huashi Media. Upon completion of the said equity transfers, Huashi Media was owned by Huashi Brand Management and Mr. Shen as to 95.4989% and 4.5011% respectively.

9. Transfer of equity interest in Huashi Media

On 27 April 2021, Huashi HK and Mr. Shen entered into an equity transfer agreement (as further amended and supplemented by a supplemental agreement dated 6 May 2021), pursuant to which Mr. Shen transferred 4.5011% equity interest in Huashi Media to Huashi HK at the consideration of RMB979,000, which was determined with reference to then subscribed capital contribution of Huashi Media. Upon completion of the said equity transfer, Huashi Media was owned by Huashi Brand Management and Huashi HK as to approximately 95.4989% and 4.5011% respectively.

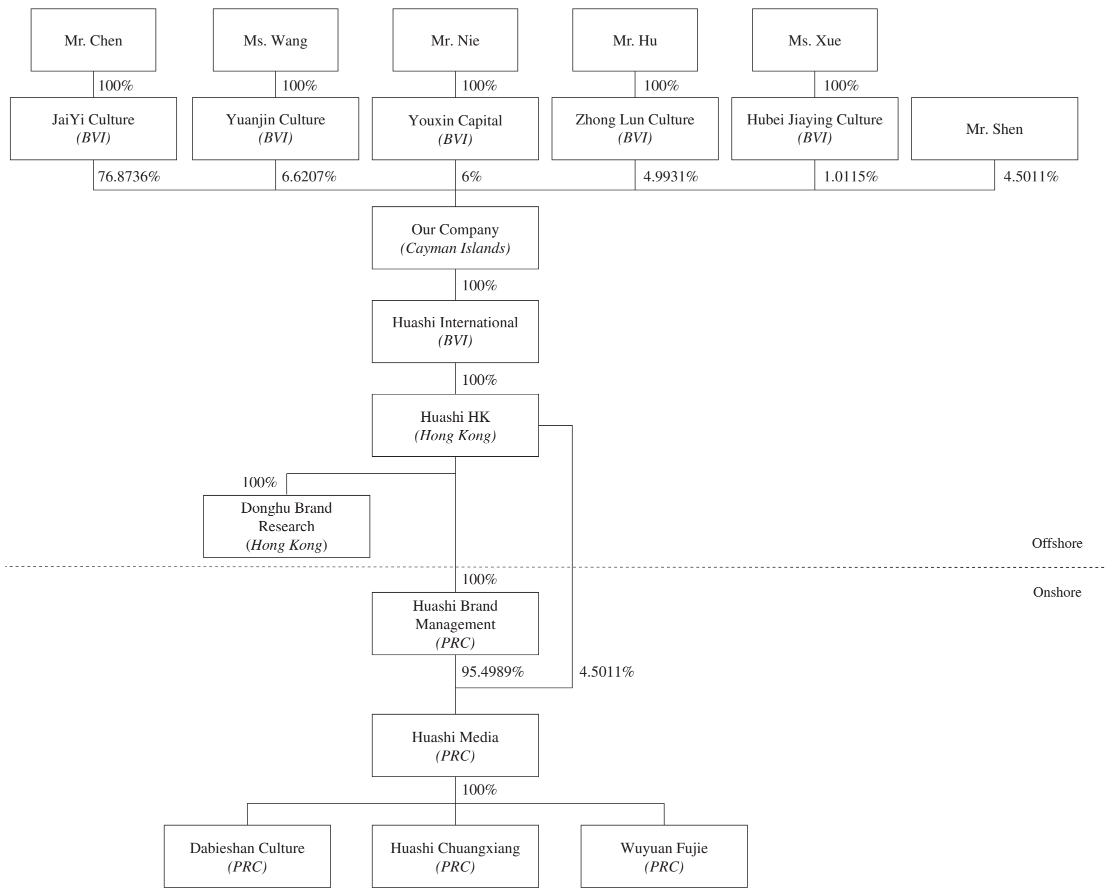
10. Subscription of Shares by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture, Hubei Jiaying Culture and Mr. Shen

On 7 June 2021, the issued and unissued shares of US$1.00 each in the share capital of our Company were subdivided into 20 Shares of US$0.05 each, such that the authorised share capital of the Company be subdivided from US$50,000.00 divided into 50,000 ordinary shares of US$1.00 each to US$50,000.00 divided into 1,000,000 Shares of US$0.05 each. On the same day, our Company allotted and issued 434,336 Shares, 37,407 Shares, 33,900 Shares, 28,211 Shares and 5,715 Shares to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively at par value.

Further on the same day, our Company and Mr. Shen entered into a subscription agreement, pursuant to which our Company allotted and issued 45,011 Shares to Mr. Shen at the consideration of RMB979,000, which was determined with reference to the consideration for the transfer of the 4.5011% equity interest in Huashi Media from Mr. Shen to Huashi HK. Upon completion of the said allotment and issue and subscription, our Company was owned by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture, Hubei Jiaying Culture and Mr. Shen as to 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively.

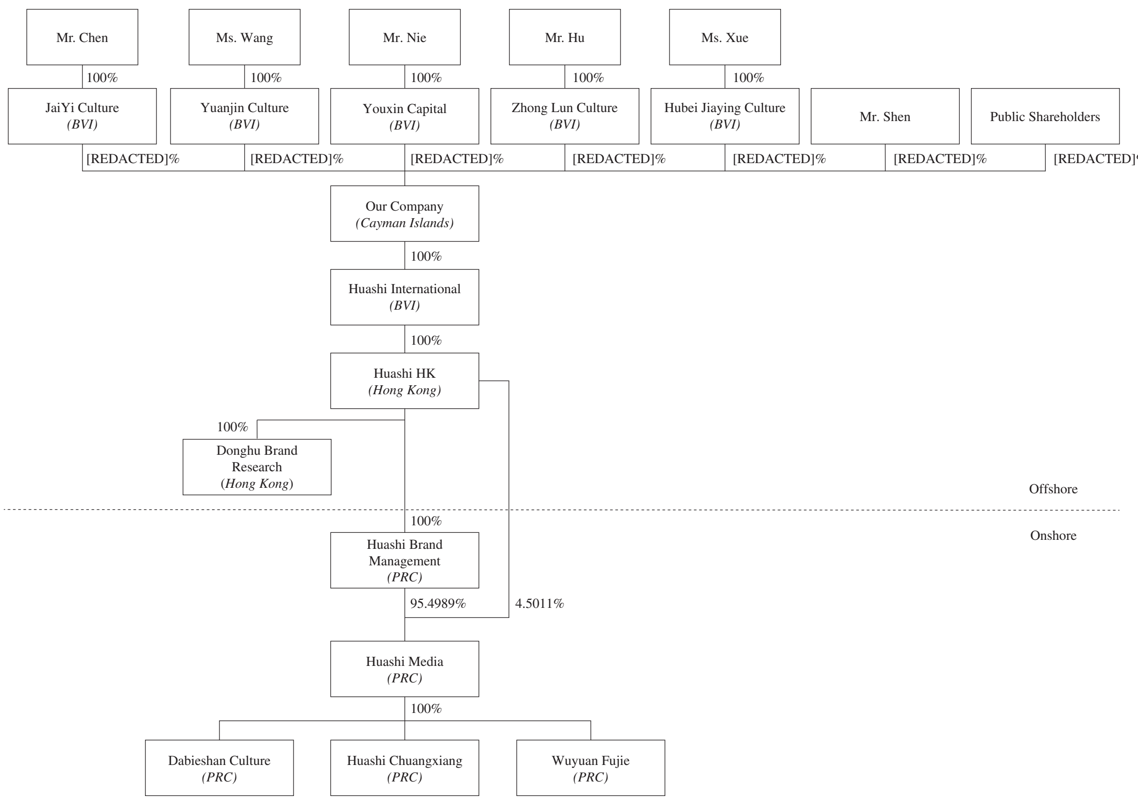
GROUP STRUCTURE IMMEDIATELY AFTER THE REORGANISATION

The following chart sets forth our corporate structure immediately after the Reorganisation and prior to completion of the [**REDACTED**] and the [**REDACTED**]:



GROUP STRUCTURE UPON [REDACTED]

The following chart sets forth our corporate structure upon [**REDACTED**] (assuming the [**REDACTED**] is not exercised) and not taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme:



PRC LEGAL COMPLIANCE

The Reorganisation was completed on 7 June 2021. Our PRC Legal Advisers have confirmed that the share transfers and any changes in the registered capital in respect of the PRC companies in our Group as described above have been legally and properly completed since all applicable regulatory approvals were obtained and have complied with all applicable laws and regulations in the PRC in all material aspects.

SAFE Registration in the PRC

Pursuant to the Circular 37, promulgated by SAFE and becoming effective on 4 July 2014, (a) a PRC resident must register with the local SAFE branch before contributing assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC individual resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital held by PRC individual resident(s), share transfer or swap, and merger or division. Pursuant to Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular 13, promulgated by SAFE and becoming effective on 1 June 2015, the power to accept SAFE registration was delegated to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisers, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue being a PRC individual resident has completed the registration under Circular 37.

The M&A Rules

On 8 August 2006, six PRC regulatory agencies jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "**M&A Rules**"), which became effective on 8 September 2006, and was amended on 22 June 2009 by MOFCOM. Pursuant to Article 11 of the M&A Rules, where a domestic company, enterprise or individual person intends to take over his/her/its related domestic company in the name of an offshore company which he/she/it lawfully established or controls, the takeover shall be subject to the examination and approval of MOFCOM.

As advised by our PRC Legal Advisers, Article 11 of the M&A Rules does not apply to our Reorganisation, because (i) at the time of acquisition of the 4.5011% equity interest in Huashi Media by Mr. Shen, Mr. Shen was a permanent resident of Hong Kong and was independent from Huashi Media and its shareholders, therefore such acquisition whereby Huashi Media was converted into a foreign invested company was not subject to the M&A Rules; and (ii) at the time of the acquisition of the 95.4989% equity interest in Huashi Media by Huashi Brand Management and the acquisition of the 4.5011% equity interest in Huashi Media by Huashi HK, Huashi Media was a foreign invested company, therefore the acquisitions of the equity interests in Huashi Media by Huashi Brand Management and Huashi HK were not subject to the M&A Rules.

Our PRC Legal Advisers have also confirmed that save for the completion of the filing procedures with the CSRC, our Company and its PRC subsidiaries are not required to obtain approval from CSRC, MOFCOM or other relevant PRC authorities for the purpose of the [**REDACTED**].

OVERVIEW

We are a branding, advertising and marketing service provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to execution of branding, advertising and marketing projects through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation to targeted recipients, and improving the competitiveness and market share of their products or services.

Our customers comprise (i) brand owners and advertisers, including private and state-owned enterprises and government authorities; and (ii) advertising agents, from a diversified spectrum of industries including beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and agricultural and related food processing.

During the Track Record Period, we derived revenue from the provision of:

(i) branding services, primarily including (a) market research and industry data analysis on industries in which our customers are engaged through collaboration with research institutes; (b) planning of brand development strategies, involving identification of core values of brands and advice on brand positioning and target customers; (c) design of brand image; and (d) formulation of products and/or services marketing and brand promotional plans;

(ii) advertising services, comprising traditional offline media advertising services and online media advertising services, through traditional offline media such as TV, radio and outdoor advertising space and online media such as websites, search engines, applications and social media platforms, primarily including (a) identification and selection of the appropriate media mix; (b) preparation of advertising proposals; (c) procurement of advertising resources; and (d) arrangement and supervision of placement of advertisements;

(iii) event execution and production services through organisation and implementation of marketing events to promote the brands, products and/or services of our customers; and

(iv) provision of advertisement placement services (including rebates from Media Partner), which comprises formulation of online advertisement plan, maintaining the accounts of the customers opened at the advertising platform of the Media Partner and arranging advertisement placement on the designated online media platforms of the Media Partner according to the requests of our customers. As an ancillary service, we will also design and produce short advertisement videos based on the request of our customers.

To optimise our customers' advertising and marketing strategies, after provision of our traditional offline and online advertising services and event execution and production services, we will prepare a summary report to analyse and evaluate the effectiveness of our advertising proposals or marketing events based on the results provided by advertising media or platforms.

Our Directors believe that our scope of services and business model will allow us to enhance the competitiveness of our services as we can lower our customers' costs and time in sales and marketing and improve our business efficiency as we can fully capture the business opportunities from each customer across the entire value chain.

Our management team, in particular, Mr. Chen, Ms. Wang and Ms. Xue, our executive Directors, have implemented effective business strategies to position our Group as a branding, advertising and marketing service provider. Under their leadership, we have diversified our service offering, enhanced our advertising resources in various media platforms, strengthened our operational capabilities and expanded our client base to include brand owners, advertisers and advertising agents across different industries in the PRC throughout the Track Record Period. During the period from 29 January 2016 to 17 April 2019, the shares of Huashi Media, our indirect wholly-owned subsidiary, were quoted on the NEEQ.

Taking advantage of our capability in formulating branding, advertising and marketing services to our customers as well as our established market reputation and proven track record, we are experienced in offering tailor-made services to our customers through formulating branding, advertising and marketing proposals based on our analysis of market and industry data with a view to meeting the business needs and achieving the marketing objectives of our customers. During the Track Record Period, our branding, advertising and marketing services were offered to customers from different industries in the PRC, which include: (i) automobile manufacturing industry: a leading manufacturer of electric tricycles based in Jiangsu Province; (ii) household essentials manufacturing industry: a mattress manufacturing company headquartered in Hubei Province; (iii) medicine manufacturing industry: a national pharmaceutical group company specialised in R&D, production and sale of pharmaceuticals in the PRC, the shares of which are listed on the Shanghai stock exchange; (iv) beverage industry: a brewing company based in Hubei Province; and (v) advertising industry.

We have a strong customer base as evidenced by the increase in revenue generated from our recurring customers and our ability to attract new customers during the Track Record Period. During the Track Record Period, revenue contributed by our recurring customers out of our total revenue increased significantly from approximately 66.2% for FY2020 to approximately 72.7% for FY2021 and remained stable at approximately 74.1% and 76.6% for FY2022 and 4M2023, respectively. We believe our past cooperation experience with these customers contributed to our understanding and familiarity of their backgrounds, specific needs and expectations on our services, which in turn ensures a smooth and efficient working process when they return to us. Moreover, we believe our recurring customers have a good understanding of our strengths and capabilities that certain of these recurring customers have substantially increased their marketing budget for our services and/or engaged us for more service types. For example, certain customers engaged us to prepare and implement advertising and/or event execution and production proposals after engaging us to provide branding services. During the Track Record Period, revenue generated from our customers which requested us to provide more than one service for the same year or period amounted to approximately RMB75.2 million, RMB120.7 million, RMB134.4 million and RMB23.8 million, respectively, representing approximately 72.7%, 76.6%, 64.9% and 31.7% of our total revenue, respectively. Our Directors expect that these recurring customers will continue to contribute to our growth in the future.

During the Track Record Period, we have increased our marketing effort and achieved business growth by expanding the geographic reach of our services to various provinces in the PRC. We have entered into the Anhui Province market since FY2020. In FY2021, we entered into the new markets in Shanghai, Jilin Province, Hebei Province and Zhejiang Province. In FY2022 and 4M2023, we have entered into the new markets in Jiangxi Province, Sichuan Province, Chongqing, Shaanxi Province, Liaoning Province, Inner Mongolia, Ningxia, Guangxi, Xinjiang, Henan Province, Hunan Province, Gansu Province, Qinghai Province, Heilongjiang Province and Xizang. For FY2020, FY2021, FY2022 and 4M2023, we generated a total revenue of approximately RMB37,000, RMB6.8 million, RMB4.4 million and RMB1.5 million, respectively from aforesaid new markets due to our continuous marketing efforts. To sustain our growth, we plan to expand the geographical reach of our services in Northern China and Eastern China by establishing offices in Beijing and Shanghai, details of which are set out in the paragraph headed "Business strategies – Expand the geographical reach of our services" in this section.

During the Track Record Period, there was also an increase in revenue contributed by our customers located in Hubei Province, Jiangsu Province and Zhejiang Province. Riding on our market position as a branding, advertising and marketing service provider in Hubei Province and leveraging on our established long-standing relationships with major provincial satellite TV station operators, media companies and advertising agencies based in Hubei Province, we recorded revenue contributed by customers located in Hubei Province in the amount of approximately RMB71.9 million, RMB115.7 million, RMB126.3 million and RMB41.5 million for FY2020, FY2021, FY2022 and 4M2023, respectively. Jiangsu Province is also one of the locations where some of our key customers are located, including a leading manufacturer of electric tricycles based in Jiangsu Province, which have increased their marketing budget for our services along with their business expansion. Revenue generated from customers in Jiangsu Province amounted to approximately RMB16.6 million, RMB19.9 million, RMB28.5 million and RMB9.7 million for FY2020, FY2021, FY2022 and 4M2023, respectively. Our revenue from Zhejiang Province increased significantly from approximately RMB0.7 million for FY2021 to approximately RMB13.0 million for FY2022 and from approximately RMB0.3 million for 4M2022 to approximately RMB9.6 million for 4M2023, which was mainly due to the commencement of our provision of advertisement placement services in FY2022 and we secured new projects for provision of advertisement placement services from customers in Zhejiang Province in FY2022 and 4M2023.

With over 10 years of operating history, we have established solid and strategic relationships with suppliers of a wide range of advertising resources, including major TV station operators, online social media, e-commerce and OTT platforms and owners or agents of outdoor advertising spaces in shopping malls, buses, and subway in the PRC. In particular, we have been appointed by a state-owned national broadcaster in the PRC, as its authorised advertising agency for seven consecutive years since 2016. We have also established long-standing relationships for approximately four to six years with other major provincial satellite TV station operators, media companies and advertising agencies based in Hubei Province, Hunan Province, Zhejiang Province, Shanghai and Beijing, such as a radio and television advertising corporation based in Hunan Province, a radio and television group based in Zhejiang Province, an internet information service company based in Hubei Province, an information technology company based in Shanghai and a media resources company based in Beijing. These long-established relationships give us competitive edge in securing valuable advertising resources such as (i) TV advertising time slots during prime time; (ii) online advertising resources in popular online social media, e-commerce and OTT platforms; and (iii) the most updated and first-hand information regarding the advertising resources available across different media platforms and channels. Please refer to the paragraph headed "Suppliers – Agreements with our suppliers" in this section for the salient terms of contracts we entered into with our suppliers. For our provision of advertisement placement services, we have entered into a cooperation agreement with the Media Partner, a renowned Chinese internet technology company which operates various popular online media platforms in the PRC. For details, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this section.

Although we have only started providing online media advertising services since 2018, leveraging our existing business network and experience in the advertising industry, we were able to secure placement of advertisements from our customers and online media advertising spaces from our suppliers. The significant growth of our revenue generated from online media advertising services for FY2020, FY2021 and FY2022 was primarily attributable to (i) the fact that we allocated more resources from traditional offline media advertising services to online media advertising services, in view of our strategic shift of focus on such business segment during the Track Record Period; (ii) the increasing demand for online media advertising services and the rapid development of live streaming and e-commerce business following the COVID-19 Outbreak since early 2020; and (iii) the general increase in demand from advertisers who opt for promoting their businesses, product and/or service through online platforms with large amounts of user traffic. We plan to expand our online media advertising services in order to sustain our growth, details of which are set out in the paragraph headed "Business strategies – Continue to expand our online media advertising services" in this section.

As a branding, advertising and marketing service provider, our Group can maintain competitive advantages due to developed strategy formulation and data analytical capabilities, proven track record in providing quality branding, advertising and marketing services, stable and long-standing business relationships with suppliers of a wide range of media resources, capabilities to formulate tailor-made ideas and concepts which can be applied to produce different forms of branding, advertising and marketing contents across a wide range of media platforms, business relationships with customers from diverse industries, and an experienced management team with in-depth industry expertise.

For the Track Record Period, our Group had experienced a significant growth of the financial performance as compared with those of the Group prior to the Track Record Period. We had managed to develop our business to the present scale of operations mainly due to the following factors:

1. Difference in the types of services offerings and composition of projects portfolio

During FY2016 and FY2017, our Group's service offerings were mainly (i) traditional offline media advertising services; and (ii) video productions services (which was part of services offered in our event execution and production services). For traditional offline media advertising services, our Group assisted customers to place advertisements on the appropriate advertising platforms based on our understanding of the needs and the type of products and/or service of the customers. For video productions, our Group assisted customers to design the contents of their promotional videos and arranged for the video production works. In 2017, our Group was approached by three existing and sizable customers which expressed their demand for branding services. Considering that the expansion into branding services could diversify our Group's service offerings and source of income, enhance the Group's profitability and strengthen the business relationship with the customers, our Group was first engaged in branding services projects in 2017 and started to recognise revenue from branding services projects since FY2017.

Our Group adopted cost-plus approach in determining the prices for traditional offline media advertising services and video productions services. Since (i) traditional offline media advertising services and video productions generally involve simple analysis of the customers' needs and placing advertisements and producing videos as per customers' instructions, and (ii) there are many competitors providing similar services in the market, the contract value of traditional offline media advertising services and video productions was generally not high.

In contrast, branding services involve conducting market research and formulating comprehensive and customised branding services proposals for customers covering various aspects, including corporate brand building, overall branding positioning and marketing and sales strategies. As compared with traditional offline media advertising services and video production services, the scope of works under branding services is relatively more complicated and involves detailed analysis of the customer's business, industry and competitive environment and target customers and formulation of the overall brand image and marketing strategies. As such, the contract value of branding services projects is generally higher. Following the increase in provision of our branding services since 2017 and our branding services represented our largest service component by revenue during the Track Record Period, the average contract value of our Group during the Track Record Period was larger than those prior to the Track Record Period and in turn, our revenue during the Track Record Period was higher than those prior to the Track Record Period. Further, as disclosed in the section headed "Financial Information" in this document, the gross profit margin of branding services projects was generally higher than that of traditional offline media advertising services projects.

Given that (i) our Group has maintained close relationship with certain existing and sizable customers who have strong demand for branding services; (ii) after its market cultivation in 2017 and 2018, our branding services were gradually recognised by customers since 2019; and (iii) market demand is growing as more enterprises began to focus on strengthening and rebuilding own brand competitiveness, the number of projects and average revenue per project for branding services have generally increased over the years, resulting in the revenue for our branding services increased gradually for FY2020, FY2021 and FY2022 and amounted to approximately RMB61.3 million, RMB74.9 million and RMB90.5 million for the respective years, respectively, which were higher than those in FY2018 and FY2019. Our revenue for our branding services also increased from approximately RMB27.6 million for 4M2022 to approximately RMB28.7 million for 4M2023. Our Group did not record any revenue for branding services in FY2016 and recorded minimal revenue for branding services in FY2017.

In FY2018, our Group's event execution and production service has expanded to include organising and implementing marketing events to promote the brands and products of customers, leading to an increase in the number of projects undertaken by our Group. This segment achieved a significant growth in FY2020, FY2021, FY2022 and 4M2023 in terms of revenue recognised and average revenue per project, which was primarily attributable to (i) the increase in market demand after the general stabilisation of COVID-19 with the rapid recovery of offline scene activities; (ii) the popularity of the integration of new media which made the advertisers more likely to select different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign; and (iii) the increase in the complexity and scale of the events organised and videos produced by our Group.

Further, as disclosed in this section, our Group has begun providing online media advertising services to its customers in 2018. Attributable to (i) our Group's continued strategic focus on this segment; (ii) after its market cultivation in 2019, the Group's online media advertising services were gradually recognised by customers since 2020; and (iii) the general increase in demand from advertisers for online media advertising as a result of the rapid development of live streaming and e-commence with a CAGR of approximately 16.8% in terms of expenditure of advertisers in the PRC from 2017 to 2022, the number of projects and average revenue per project for online media advertising services have generally increased over the last four years. As such, revenue generated from online media advertising services amounted to approximately RMB18.5 million, RMB46.2 million and RMB48.1 million for FY2020, FY2021 and FY2022, respectively, representing approximately 17.9%, 29.3% and 23.2% of our Group's total revenue for the respective years, which were higher than those in FY2018 and FY2019. Our Group did not record any revenue for online media advertising services projects in FY2016 and FY2017.

In FY2022, we had further expanded the scope of our online media advertising services and started to provide advertisement placement services through the online media platforms of the Media Partner. As compared with our traditional online media advertising services where we only provide intermediary services to assist our customers to identify and select the relevant online advertising resources suppliers, we had further expanded the scope of our online media advertising services by designing and producing video content to customers and assisting the customers to operate their account and directly place their advertisements on the online media platforms operated by the Media Partner according to the instructions of the customers. Depending on the needs of the customers, we also assist them to design and produce short advertisement videos for placing on the online media platforms of the Media Partner. For details of our provision of advertisement placement services, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this section. Revenue generated from provision of advertisement placement services (including rebates from Media Partner) amounted to approximately RMB24.9 million and RMB18.7 million, representing approximately 12.0% and 24.9% of our Group's revenue for FY2022 and 4M2023, respectively.

In view of the above factors, our Group had recorded significant growth in the revenue generated from the top ten customers during the Track Record Period as compared to those of the Group prior to the Track Record Period. The aggregate revenue generated from our top ten customers increased from approximately RMB81.0 million for FY2020 to approximately RMB93.9 million for FY2022, which were higher than those prior to the Track Record Period. Our aggregate revenue generated from our top ten customers increased from approximately RMB32.6 million for 4M2022 to approximately RMB39.1 million for 4M2023.

During the Track Record Period, while our Group provided traditional offline media advertising services, our Group had expanded our service offerings on branding services, online media advertising services, event execution and production services and provision of advertisement placement services to our customers. The followings are a summary of certain major projects undertaken by our Group for our top ten customers during the Track Record Period:

- in FY2020, we provided branding services and online media advertising services for a customer in Hubei province which was principally engaged in, among others, medical technology development and manufacturing and sale of disinfection products and chemical products. The services provided mainly included (i) research and analysis on the marketing data on the medical and healthcare industry of the PRC; (ii) formulation of sales and promotion strategies for enhancing the brand images of the products of the customer; and (iii) placing of online advertisements for various product lines of the customer on a popular online messaging platform in the PRC. The aggregate revenue generated from this customer amounted to approximately RMB17.9 million, representing approximately 17.3% of our revenue for FY2020;

- in FY2020, we provided branding services, event execution and production services and traditional offline media advertising services for Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司) which was principally engaged in manufacture and sales of mattresses, sofas sponge bedding, galvanized tiles and other furniture. The services provided mainly included (i) research and analysis on the marketing strategies and trends of the major household product brands of the PRC and formulation of the marketing, public relations and advertisement placement strategies of this customer for FY2020; (ii) formulation of theme and preparation of execution plans for marketing events for the promotional activities of various product lines of mattress, beds and sofas of the customer; and (iii) placing of TV advertisements with a TV station operator in Hubei province. The aggregate revenue generated from this customer amounted to approximately RMB9.6 million, representing approximately 9.3% of our revenue for FY2020;

- in FY2021, we provided branding services and event execution and production services for a customer which was principally engaged in manufacture and sales of electric vehicles, bicycles, electric motorcycles and accessories. The services provided mainly included (i) research and analysis on the development trends of electric motorcycles and three-wheeled motorcycles in the PRC and formulation of the marketing, public relations and advertisement placement strategies of this customer for FY2021; and (ii) formulation of the theme and preparation of execution plans for marketing events for the promotional activities of the various product lines of this customer. The aggregate revenue generated from this customer amounted to approximately RMB8.7 million, representing approximately 5.5% of our revenue for FY2021;

- in FY2021, we provided branding services and online media advertising services for the same customer in Hubei province in FY2020 which was principally engaged in, among others, medical technology development and manufacturing and sale of disinfection products and chemical products. The services provided mainly included (i) research and analysis on the marketing data on the medical and healthcare industry of the PRC; (ii) formulation of the strategies for enhancing the brand image in 2021 and the marketing strategies for the promotion of the online sales platform across the country; and (iii) placing of online advertisements for the various product lines of the customer on a popular online messaging platform in the PRC. The aggregate revenue generated from this customer amounted to approximately RMB8.5 million, representing approximately 5.4% of our revenue for FY2021;

- in FY2022, we provided branding services, online media advertising services and event execution and production services for a customer in Jiangsu province which was principally engaged in design, production and sales of three-wheeled motorcycles and electric vehicles. The services provided mainly included (i) analysis of the latest industry environment and market trends and formulation of the strategies on brand positioning and advertising channels; (ii) preparation of execution plans for the customer's annual marketing event; and (iii) placing of online advertisements for customer's products on online media platform. The aggregate revenue generated from this customer amounted to approximately RMB13.6 million, representing approximately 6.6% of our revenue for FY2022; and

- in 4M2023, we provided online media advertising services for a customer in Wuhan, Hubei province which was an advertising agent and was principally engaged in design and promotion of Internet games and softwares, design, distribution and agency service of advertisements. The services provided mainly included placing of online advertisements for the products and services of the end customers of this advertising agent on various online media platforms in the PRC. The aggregate revenue generated from this customer amounted to approximately RMB6.2 million, representing approximately 8.2% of our revenue for 4M2023.

2. Strengthening and expansion in the geographical coverage of customers

Prior to the Track Record Period, our Group mainly provided services to customers located in Hubei Province, Jiangsu Province and Shanghai, respectively. On the one hand, our Group continued to enhance its market position in Hubei Province as a branding, advertising and marketing service provider by leveraging on (i) its established market reputation and proven track record; (ii) its knowledge and experience in the local market dynamics, industry practice and preferences of the local customers; and (iii) its relationships with customers and suppliers based in Hubei Province. During the Track Record Period, the revenue generated from Hubei Province amounted to approximately RMB71.9 million, RMB115.7 million, RMB126.3 million and RMB41.5 million, respectively, generally accounting for not less than 50.0% of our Group's revenue. On the other hand, our Group expanded its business into Anhui Province in FY2020, and expanded into Shanghai, Jilin Province, Hebei Province and Zhejiang Province in FY2021. In FY2022 and 4M2023, we have entered into the markets of Jiangxi Province, Sichuan Province, Chongqing, Shaanxi Province, Liaoning Province, Inner Mongolia, Ningxia, Guangxi, Xinjiang, Henan Province, Hunan Province, Gansu Province, Qinghai Province, Heilongjiang Province and Xizang due to our continuous marketing efforts. The expansion of the geographical coverage of our Group's customers provided additional business opportunities and source of income, and contributed to our Group's significant growth of the financial performance during the Track Record Period.

3. Enhancement in the industry coverage of customers

For the three years ended 31 December 2018, our Group mainly provided services to customers in industries such as automobile manufacturing, beverage and beauty-care. In FY2019, our Group expanded the coverage of its services to customers in agricultural and related food processing industry by exploring several new customers with relatively strong demand on marketing. In FY2020, as affected by the outbreak of the COVID-19, our Group enhanced its services to customers in healthcare food production and recorded revenue of approximately RMB17.9 million, representing approximately 17.3% of our revenue for FY2020. In addition, our Group expected that the demand would pick up for some industries after the general stabilisation of COVID-19 such as daily necessities and/or healthcare-related industries including automobile manufacturing, beverage, healthcare food production, medicine manufacturing and household essentials manufacturing in the PRC, and tourism industry would rebound following the ease of travel and lockdown restriction. The demand for automobile manufacturing is expected to increase since some citizens prefer using own vehicle instead of public transport to avoid infections in the second half of FY2020. Thus, our Group focused on liaising and communicating with corporate clients in these industries with enhanced sales efforts and broadening of service scope. The aggregate revenue generated from customers in these industries amounted to approximately RMB77.4 million and RMB88.8 million in

FY2020 and FY2021, respectively, representing approximately 74.8% and 56.3% of our Group's revenue for the corresponding year respectively. In FY2021, our Group further enhanced its services to customers in real estate development, education, retail, metal products manufacturing and food production industries and recorded approximately RMB3.6 million, RMB4.0 million, RMB10.5 million, RMB4.0 million and RMB5.7 million of revenue from these industries, respectively in FY2021. With the commencement of our provision of advertisement placement services in FY2022, we had recorded increase in our revenue from advertising industry from approximately RMB8.8 million for FY2021 to approximately RMB46.5 million for FY2022, and from approximately RMB5.2 million for 4M2022 to approximately RMB29.1 million for 4M2023. In addition, the industry growth of automobile manufacturing industry recorded an increase of approximately 4.4% in the first quarter of 2023 as compared to the corresponding period of 2022, according to the National Bureau of Statistics, which caused the brand owners in this industry to increase their spending on branding and advertising. Such growth led to the increase in our revenue from automobile manufacturing industry from approximately RMB7.9 million for 4M2022 to approximately RMB16.8 million for 4M2023.

4. Additional business opportunities generated from follow-up engagements of branding services projects (the "Follow-up Engagements") during the Track Record Period

As disclosed in the paragraph headed "Our principal business – Branding services" in this section, after receiving the branding service proposals prepared by our Group, the customers may further engage our Group to execute the proposals on project basis as separate engagements for our advertising services and/or event execution and production services. Since the commencement of provision of branding services in FY2017, the Follow-up Engagements for our Group's offline and online advertising services and/or event execution and production services have provided additional business opportunities and source of income to our Group and contributed to our Group's significant growth of the financial performance during the Track Record Period. During the Track Record Period, the aggregate revenue generated from Follow-up Engagements amounted to approximately RMB30.2 million, RMB43.4 million, RMB62.6 million and RMB15.9 million, respectively, representing approximately 29.2%, 27.5%, 30.2% and 21.2% of our Group's revenue, respectively. Please refer to the paragraph headed "Our principal business – Branding services" in this section for details.

5. Strategies adopted by our Group during the Track Record Period

Our Group maintained close and on-going communication with the existing customers to understand their business conditions, demand on marketing services and the progress on the execution of advertising plans during the COVID-19 Outbreak in FY2020. Although our Group's ability to explore new customers through business trips was affected in the first half of 2020 due to the travel restrictions and city lockdown, our Group was of the view that the demand would pick up for some industries after the general stabilisation of COVID-19 such as automobile manufacturing, daily necessities and/or healthcare-related industries including beverage, healthcare food production, medicine manufacturing and household essentials manufacturing in the PRC and tourism industry would rebound following the ease of the travel and lockdown restrictions. The demand for automobile manufacturing is expected to increase since some citizens prefer using own vehicle instead of public transport to avoid infections in the second half of FY2020. Thus, our Group focused on liaising and communicating with corporate clients in these industries to discuss their marketing plan, advertising strategies and execution. Accordingly, the revenue generated from these industries became the major source of our Group's revenue in FY2020. In addition, after the general stabilisation of COVID-19 in the second half of 2020, our Group enhanced sales efforts by increasing business trips and social activities with customers and business partners and employing more sales staff to improve its financial performance.

In FY2021 and FY2022, we continued to strengthen our marketing activities and efforts to explore new customers. According to Frost & Sullivan, as affected by the COVID-19 Outbreak in 2020, live streaming and e-commerce have become popular and these two businesses have been experiencing a rapid development since 2020. Advertisers were more inclined to conduct advertising and marketing through online platforms with large amounts of user traffic, thus further promoting the development of the online media advertising market. Therefore, we continued our strategic shift to focus on online media advertising services and strengthen our efforts on expanding our customers base for this segment in FY2021 and FY2022. As a result, the number of projects for online media advertising services increased from 27 for FY2020 to 87 for FY2022, and the revenue from online media advertising services also increased significantly from approximately RMB18.5 million for FY2020 to approximately RMB48.1 million for FY2022. In FY2022, we further expanded the scope of our online media advertising services and started to provide advertisement placement services. Revenue generated from provision of advertisement placement services (including rebates from Media Partner) amounted to approximately RMB24.9 million and RMB18.7 million for FY2022 and 4M2023, respectively.

As mentioned above, in FY2020, we had focused our marketing efforts on certain industries such as beverage, automobile manufacturing, medicine manufacturing and tourism, as we expect that the demand from those industries would pick up after the general stabilisation of COVID-19. In view of the significant increase in revenue from the aforesaid industries in FY2020 and the growth potential of those industries, we continued to focus our marketing efforts to explore additional business opportunities from those industries in FY2021. The revenue from customers in beverage, automobile manufacturing, medicine manufacturing and tourism increased by approximately 45.8% from approximately RMB47.1 million for FY2020 to approximately RMB68.6 million for FY2021. Further, we had also strived to diversify the industry portfolio of our customers so as to broaden the source of revenue of our Group and reduce of risk of customers concentration in a small number of industries. As such, we had also made efforts to secure customers from different business sectors and increase the revenue contribution of customers from various industries. In particular, the revenue from customers in retail, food production, real estate development, metal products manufacturing, education and civil engineering industries increased significantly from approximately RMB0.7 million for FY2020 to approximately RMB30.3 million for FY2021. While we did not focus our marketing efforts on any particular industry in FY2022 and 4M2023, we continued to proactively explore customers from different background and industries so as to continuously expand our customer base and achieve sustainable growth.

Apart from exploration of new customers, we continued to maintain close communication with our existing customers after the completion of branding services projects so as to secure from them the Follow-up Engagements for the execution of their marketing plans. The amount of revenue from the Follow-up Engagements increased by approximately 43.6% from approximately RMB30.2 million for FY2020 to approximately RMB43.4 million for FY2021, which had further contributed to the growth of our Group's revenue for FY2021. The amount of revenue from the Follow-up Engagements further increased by approximately 44.1% from approximately RMB43.4 million for FY2021 to approximately RMB62.6 million for FY2022. Please refer to the paragraph headed "Our principal business – Branding services" in this section for details.

6. Strong employee backup and consistent pricing strategy

Our Group's number of employees has experienced a rapid growth along with the increase in revenue to support its business expansion. Our Group's revenue increased from approximately RMB103.4 million in FY2020 to approximately RMB207.2 million in FY2022, representing a CAGR of approximately 41.6%. Our Group's revenue increased from approximately RMB60.7 million in 4M2022 to approximately RMB75.0 million in 4M2023, representing an increase of approximately 23.6%. In the meantime, the number of employees increased from 99 as at 31 December 2020 to 184 as at 30 April 2023. In addition, our Group has adopted a consistent pricing strategy over the years which is a cost-plus pricing approach, which enabled our Group to build its brand reputation, enhance customer confidence and better determine its service fee based on more accurate estimation of its costs and customers' budgets, thus managing its profitability.

Due to the increasing demand for multi-channel advertising services and the rapid development of technology and the internet, we have expanded our advertising services to provide online media advertising services since 2018. During the Track Record Period, we have entered into strategic cooperation and/or advertising agency agreements with market leading operators of online search engines, websites, social media, e-commerce and OTT platforms, thereby enabling our Group to offer a wide range of online advertising resources and services to our customers based on the analysis on the preference and behaviour of internet users and the characteristics and effectiveness of various online media platforms.

According to Frost & Sullivan, total expenditure of advertisers in online media advertising service market in the PRC grew at a CAGR of approximately 16.8% from RMB351.8 billion in 2017 to RMB766.2 billion in 2022 and is expected to grow at a CAGR of approximately 8.9% from RMB873.9 billion in 2023 to RMB1,227.4 billion in 2027.

We believe our diversified coverage of offline and online media advertising channels would allow us to adapt to the rapid changes in the advertising industry, and thereby enabling us to identify the most appropriate and effective advertising resources to satisfy the needs of our customers. Our Group recorded a growth in revenue from approximately RMB103.4 million in FY2020 to approximately RMB157.6 million in FY2021 and RMB207.2 million in FY2022, representing an increase of approximately 52.4% and 31.4%, respectively. OurGroup's revenue increased from approximately RMB60.7 million in 4M2022 to approximately RMB75.0 million in 4M2023, representing an increase of approximately 23.6%. Our net profit decreased from approximately RMB24.3 million in FY2020 to approximately RMB18.5 million in FY2021, mainly due to the increases in our administrative expenses and selling and marketing expenses resulting from business expansion and the [**REDACTED**], respectively. Our net profit increased by approximately 147.2% from approximately RMB18.5 million for FY2021 to approximately RMB45.7 million for FY2022, mainly attributable to the increase in gross profit as a result of the increase in revenue and the decrease in [**REDACTED**]. Our net profit increased from approximately RMB7.3 million for 4M2022 to approximately RMB26.0 million for 4M2023, mainly attributable to the increase in gross profit and the decrease in [**REDACTED**].

We believe that the demand for integrated branding, advertising and market services in the PRC will continue to grow. According to Frost & Sullivan, total expenditure in integrated branding, advertising and marketing service market in the PRC grew at a CAGR of approximately 11.0% from RMB624.1 billion in 2017 to RMB1,049.8 billion in 2022 and is expected to grow at a CAGR of approximately 7.2% from RMB1,165.5 billion in 2023 to RMB1,538.0 billion in 2027. We believe our in-depth experience and adaptive ability to the changing environment provide us with a favorable position to capture additional market share and achieve overall growth in the advertising market in the PRC.

In light of the anticipated increase in demand for integrated branding, advertising and market services, we intend to capture such emerging business opportunities to further expand our customer base and geographic reach in different regions in the PRC. We believe that with our proven track record in providing quality branding, advertising and marketing services, our capabilities in strategy formulation and data analysis and our business relationship with our customers and suppliers, we are well positioned to maintain business relationship with our recurring customers and attract new customers, which we believe enables us to capture the growing demand in the integrated branding, advertising and marketing service industry in the PRC. In particular, we intend to strengthen our data analytical capabilities and further enhance our branding services after the [**REDACTED**] by (i) establishing our branding data platform and R&D database; and (ii) acquiring more comprehensive market and industry data. Please refer to the paragraph headed "Business strategies – Strengthen our data analytical capabilities and further enhance our branding services" in this section for details. To capture the significant growth in the online media advertising service market in China, we also intend to enhance our online media advertising platform and develop in-house content production capabilities to capture the growing opportunities in the online media advertising service market in the PRC after the [**REDACTED**]. Please refer to the paragraph headed "Business strategies – Continue to expand our online media advertising services" in this section for details.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths differentiate us from our competitors effectively.

We have developed strategy formulation and data analytical capabilities

Leveraging on our strategy formulation and in-depth industry knowledge and experience, we are capable of formulating tailor-made branding, advertising and marketing services for our customers through analysing market and industry data procured by us from third party research institutes such as projection of the market demand for the products and/or services to be marketed and promoted by our customers, consumers' behaviours and preferences, branding, advertising and marketing strategies adopted by customers' competitors and target audience of different advertising platforms and channels. During the Track Record Period, we have established strategic cooperation with a renowned university with market research expertise in Central China and other renowned research institutes to strengthen and enhance our Group's capabilities in terms of (i) extraction of industry data and market information from relevant and reliable sources; (ii) conducting scientific analysis on the industry data and market information collected, which enables our Group to identify the latest market and industry trends, accurately detect the evolving preferences and potential demands from customers across different industries and determine the appropriate media platforms and advertising resources to be procured for achieving the marketing objectives of our customers; and (iii) incorporating the findings and results of our market and industry analysis into our service proposals.

The following table sets forth an illustration of how we make use of the market and industry data procured from third party research institutes to perform data analytics for a customer in a branding service project:

Principal business of the customer	• The customer was principally engaged in the production and sale of beer
Customer's marketing objectives	• Developed a new brand of beer which targeted young customers
	• Design of brand name, positioning and philosophy, analysis of the target markets and target customers group and formulation of the market strategies for the promotion of the new brand

Major data purchased from third party research institutes	• Interview results from young customers on their consumption data and patterns in major cities of the PRC • Product characteristics and market trend of various brands of beer in the PRC, including, among others, market share, sales volume, geographic coverage of various beer brands, industry structure and consumption pattern • Detailed market study on the brand development of certain major beer brands in the PRC, including, among others, sales channels, product mix, target customers groups and profitability of major products • Detailed market study on the promotion strategies of certain major beer brands in the PRC, including, among others, the brand images, spokesperson for the brands, promotion channels, nature of cooperation with other companies on product promotion and major selling points of the products
Analysis of market and industry data	• Through analysing the brand image, strengths and the competitive environments of the products of the clients, we identified the existing brand problems faced by the client such as the problem of the aging brand image and the need to enhance the attractiveness of the brand among young customers group • Through analysing the consumption data and pattern of various brands of beers and young customers group in the PRC, we identified the preference of the product style, beer taste of young customers, their preferred consumption models and experience • Through analysing the detailed market data of various major beer brands in the PRC, which include, among others, their product characteristics, sales model and strategies, we design and formulate marketing strategies to the client under the then industry and competitive environment

Proposals to the customer	• As for product strategies, we delivered proposals to the client on overall positioning of brand image, product names, product categories, product slogans, consumption environment, the design and packaging of the products and core selling points of the products • As for sales and promotion channels, we delivered proposals to the client on overall promotion strategies, design of layout and management of promotion channels and handling the issues related to its sales and promotion • As for the execution of the promotion, we delivered proposals to the client on the design of annual promotion themes, means of promotion, budgets on promotions and design of theme of marketing event and cooperation with third parties on products promotion

According to Frost & Sullivan, it is an industry norm that the branding, advertising and marketing service providers and advertising agents may obtain market and industry data from third-party research institutes. We believe that our competitive strengths can be evidenced from our extensive experience in serving customers from various industries and long-term relationship with research institutes. We have established long-term relationship with two renowned universities in Wuhan with market expertise since June 2017 and March 2018, respectively. Such long-term cooperation enables us to obtain a stable supply of market data which can address customers' needs in different projects. Further, the market and industry knowledge accumulated by us through the long-term cooperation with research institutes and our past experiences of providing branding services to clients from a wide range of industries, such as beverage, healthcare food production, automobile manufacturing, household essentials manufacturing and tourism, enable us to consolidate the common issues from various industries and provide comprehensive branding services proposals that can fulfil the customers' marketing objective. Therefore, we believe that our stable relationship with research institutes and projects experience in serving customers from versatile industries enable us to provide quality branding services to customers and enhance our competitiveness in the market.

With the increasing demand from brand owners, advertisers and advertising agents to engage our Group for our tailor-made branding, advertising and marketing services during the Track Record Period, we have joined force with a renowned university with market research expertise in Central China in 2020 to establish Donghu Brand Institute* (東湖品牌研究院), which is jointly led by the associate dean and professor of the said university together with the senior management of our Group, supported by experienced professional specialising in media and communication, industry experts, entrepreneurs, branding executives and scholars from renowned universities. As at the Latest Practicable Date, Donghu Brand Institute served as a knowledge hub dedicated for providing useful resources, information and updates on various branding and marketing related topics such as the latest industry trend for brand building and marketing services, and the interrelationships between the sales performance and multi-dimensional branding, advertising and marketing strategies. In addition, it has developed market indices such as China City Brand Power Index* (中國城市品牌力指數), which is updated and published on an annual basis, and Hubei Branding Vitality Index* (湖北品牌傳播活力指數), which is updated and published every one to two years.

By collaborating with renowned third party research institutes, we are capable of profiling potential target audience, identifying the consumption pattern and preferences of the target audience and displaying advertisements and marketing content specifically to these audience, which can provide a reliable basis for the formulation of our branding strategies. Data procured by us such as viewership, time spent on sites, pages visited, reach rate of the advertisements and types of audience reached can be recorded, collected and analysed to evaluate the effectiveness of the branding, advertising and marketing services. Upon completion of implementation of our branding, advertising and marketing proposals, we would prepare a summary report to set out, among others, the business impact and promotional effects generated from the implementation of our branding, advertising and marketing proposals. Our Group usually offers these data analysis services together with our branding, advertising and marketing services to differentiate ourselves from our competitors. Our Directors are of the view that our strategy formulation capabilities will enable us to capture business opportunities from both our existing and potential customers.

We have proven track record in providing quality branding, advertising and marketing services

We have demonstrated consistent and proven track record in delivering tailor-made branding, advertising and marketing services through various media platforms and advertising resources for our customers.

During the Track Record Period, we have successfully completed 168, 237, 368 and 91 branding, advertising, and marketing services projects for our customers, comprising private enterprises, state-owned enterprises and government authorities in the PRC, respectively. In providing our branding, advertising and marketing services, we were involved in, among others, (i) strategic planning of the overall branding, advertising and marketing services with suggestions, concepts or ideas on advertising slogans, subtitles, scenes, texts and graphics based on the market positioning, functions and characteristics of the subject products and/or services being promoted and the marketing objectives to be achieved by our customers; (ii) procuring and analysing market and industry data in relation to customers' behaviours and preferences, competitive landscape and the latest trend in the relevant industry and target audience of the relevant products and/or services being promoted; (iii) collaboration with other third-party service providers, such as production houses, public relation companies and marketing agencies specialising in design and production of branding, advertising and marketing materials, promotional video clips and marketing events; and (iv) procurement of appropriate advertising resources in various media platforms such as TV channels, online social media, e-commerce and OTT platforms, and outdoor advertising space to maximise the exposure to the targeted audience and optimise the promotional effects.

Through our branding, advertising and marketing services, we can enhance the awareness and reputation of the brands, products and/or services marketed by our customers and thereby improving the sales, performance and market share of their products and/or services with the ultimate goal of achieving brand building and promoting the unique value of their products and/or services among their target recipients. With our ability to provide branding, advertising and marketing services to our customers, we believe our Group is well positioned to capture potential market opportunities in a broad range of branding, advertising and marketing services, thereby driving our revenue growth.

Due to the increasing demand for multi-dimensional advertising services and the rapid development of technology and the internet, we have expanded our advertising services to provide online media advertising services since 2018 and provision of advertisement placement services since 2022. During the Track Record Period, we have entered into strategic cooperation and/or advertising agency agreements with operators of online search engines, websites, social media, e-commerce and OTT platforms and the Media Partner, thereby enabling our Group to offer a wide range of online advertising resources to our customers based on our analysis on the preference and behaviour of the internet users and the characteristics and effectiveness of various online platforms.

With our in-depth experience and expertise in offering quality branding, advertising and marketing services, we have received numerous awards in recognition of the quality of our services, including Strategic Cooperation Partner of the "Five Star Alliance"* ("五星聯盟"戰略合作夥伴) in 2016, High and New Technology Enterprise Certificate* (高新技術企業證書) in 2017 and renewed in 2020, Macau International Advertising Festival: 2017-2018 Most Influential Communication Company* (澳門國際廣告節:2017-2018年度中國最具影響力傳播公司) in 2018 and China International Advertising Festival: 2020 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2020年度金夥伴獎) in 2020, China International Advertising Festival: 2021 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2021年度金夥伴獎), accreditation of China Level One Advertising Company Media Service* (中國一級企業「媒體」服務類) in 2021 and a Provincial Specialised, Sophisticated, Special and New Little Giant Enterprise* (省級專精特新小巨人企業) in 2021 and 2022. For details of the awards received by our Group, please refer to the paragraph headed "Awards" in this section. Our Directors believe that these awards not only can serve as endorsement to the quality of our services, effectiveness of content delivery and precision of our services, but also can attract more reputable customers to our Group.

We have established stable and long-standing business relationships with suppliers of a wide range of media platforms and advertising resources

During the Track Record Period, we have developed strategic relationships with suppliers of a wide range of media resources, including well-known TV station operators, market leading online social media, e-commerce and OTT platforms and owners or agents of outdoor advertising spaces in shopping malls, buses, and subway in the PRC. In particular, we have been appointed by a state-owned national broadcaster in the PRC as its authorised advertising agency for seven consecutive years since 2016. Riding on our strong customer base, we have also established long-standing relationships with other major provincial satellite TV station operators, media companies and advertising agencies based in Hubei Province, Hunan Province, Zhejiang Province, Shanghai and Beijing. These long-established relationships give us competitive edge in securing valuable advertising resources such as (i) TV advertising time slots during prime time; (ii) online advertising resources in popular online social media, e-commerce and OTT platforms; and (iii) the most updated and first-hand information regarding the advertising resources available across different media platforms and channels. Besides, we have established business relationships with third-party content production houses, design companies and market research companies.

The large network of our suppliers enables us to choose from a comprehensive pool of advertising resources and offer multi-dimensional branding, advertising and marketing services to our customers, which save the time and cost of our customers in identifying and dealing with different types of suppliers to implement their marketing strategies in maximising the exposure of advertisements to the target audience.

Leveraging on our strategic relationships with suppliers of a wide range of media platforms and advertising resources, we are able to (i) secure valuable advertising resources with high demand across different media platforms; (ii) obtain the most updated and first-hand information regarding the advertising resources available; and (iii) monitor the execution of the branding, marketing and advertising projects accurately.

We have developed capabilities to formulate tailor-made ideas and concepts which can be applied to produce different forms of branding, advertising and marketing contents across a wide range of media platforms

Due to our in-depth experience and expertise in offering tailor-made branding, advertising and marketing services, our project management team has developed own capabilities to formulate tailor-made ideas and concepts such as advertising slogans, subtitles, scenes, texts and graphics which can be applied to produce different forms of branding, advertising and marketing content across a wide range of media platforms covering TV, online video platforms, new media, outdoor platforms and marketing events.

Depending on (i) the marketing objectives of our customers; (ii) the market positioning and characteristics of the products, services and/or brands being promoted; and (iii) the market research findings based on our industry data analysis, we are capable of formulating tailor-made marketing ideas and concepts, which highlight the competitive strengths and unique benefits of the relevant products, services and/or brands being promoted, and incorporate them in different types of advertising contents such as themed TV programmes, audio programmes, online video clips, texts and images, outdoor advertisements, marketing events and activities. During the Track Record Period, we have (i) launched a brand building campaign for a leading three-wheel electric vehicle brand; (ii) formulated an advertising and marketing strategy for a leading mattress and bedding product brand to promote its newly introduced products by organising a series of themed marketing activities; and (iii) provided a tailor-made advertising project for a household beverage brand by implanting our advertising ideas and concepts in a themed TV programme which created a set or scene that matched with the advertised products in a natural and subtle way.

Through our all-encompassing approach that implements and spreads our tailor-made ideas and concepts in different forms of advertising contents, ranging from videos, audios to advertorials, via multimedia channels, from traditional media platforms (e.g. TV) to new media channels (e.g. online social media, e-commerce and OTT platforms) as well as on-the-ground experiences, we believe that such approach not only can enable our customers to achieve higher cost efficiency, but also create synergies that enrich their target recipients' virtual and real life experiences, which in turn can maximise the branding and promotional effects of our customers' marketing strategies.

We have maintained business relationships with customers from diverse industries

We have established business relationships with a diversified customer base during the Track Record Period. Our customers mainly include brand owners, advertisers and advertising agents engaged in beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism, agricultural and related food processing, retail and advertising industries. We believe that having customers from a wide variety of industries broaden the source of revenue of our Group and reduces the risk of over concentration on any particular industry which prevents us from being vulnerable to seasonality, economic cycles and fluctuations in a particular industry.

During the Track Record Period, we have successfully maintained years of business relationships ranging from 1 to 8 years with our five largest customers and established business relationships with 16, 55, 121 and 80 new customers in the said periods, respectively. As at the Latest Practicable Date, we have entered into long-term framework agreements with five recurring customers, which have engaged us in the previous year, and one new customer, which did not engage us in the previous year, with a term of 12 or 30 months, in order to attract them to allocate a larger share of their marketing budget to us for branding, advertising and marketing purposes. These five recurring customers include (i) Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司) (a top 5 customer of our Group for FY2020 and FY2022) (ii) Customer D (iii) Customer E (iv) a company which are principally engaged in sales of threewheeled motorcycles and electric vehicles; and (v) a main contractor for housing construction based in Wuhan City. The new customer (i.e. Customer I) is a manufacturer of automobiles, automotive components, and automotive body systems in Beijing and Shandong Province. Please refer to the paragraph headed "Customers" in this section for details of the background of Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司), Customer D, Customer E and Customer I. Pursuant to the framework agreements, we would provide them with periodic branding, advertising and marketing services, including but not limited to design of the brand image, formulation of products marketing and brand promotion plans, organisation of marketing campaigns and displaying advertisements and production of promotional video, capped at a consideration ranging from RMB5 million to RMB40 million, which are payable by instalments in accordance with the progress of services provided. The specific scope of service and content of advertisements are to be further agreed between the parties. Neither party is entitled to terminate the framework agreements unilaterally. If a party is in breach of the agreement and/or the relevant laws and regulations, the other party is entitled to demand liquidated damages of up to 20% of the total consideration and/or other uncovered damages (including but not limited to economic loss, legal fees and notarisation fees etc.).

Although we did not proactively explore customers from new industries during FY2020 in view of the COVID-19 Outbreak, we anticipated that after the general stabilisation of COVID-19 in the second half of 2020, there would be huge demand from some industries such as daily necessities, healthcare food production, automobile manufacturing, tourism, medicine manufacturing, beverage and household essentials manufacturing in the PRC. Therefore, we strategically focused on liaising and communicating with these clients to discuss their advertising plan, advertising strategies and execution, and therefore we recorded significant revenue from these industries in FY2020. For details of the revenue generated from the aforesaid industries during the Track Record Period, please refer to the paragraph headed "Customers" in this section and the paragraph headed "Financial Information – Breakdown of revenue by industries of customers" in this document.

We believe that by maintaining a close relationship with our customers, we are able to familiarise ourselves with our customers' corporate cultures, budgets and preferences and can better manage their expectations and offer them with services that best suit their needs.

We have an experienced management team with in-depth industry expertise

Our management team is experienced in providing branding, advertising and marketing services to customers in the PRC. In particular, Mr. Chen, Ms. Wang and Ms. Xue, our executive Directors, are very knowledgeable in the branding, advertising and marketing services industry in the PRC and have over 12, 13 and 10 years of industry and management experience, respectively.

We believe that the rapid and diversified development of our Group was benefited from the experience, insight and leadership of Mr. Chen, Ms. Wang and Ms. Xue, who have brought a wealth of experience, resources, connections in the branding, advertising and marketing services industry to our Group and strengthened the customers' confidence in our Group. In particular, Mr. Chen was nominated as Top Ten Public Figures of China Economy* (中國經濟

十大新聞人物) in 2016, 2017 and 2020, and was nominated as 2018 Annual Innovative Personnel of Chinese Economic Reform* (2018中國經濟改革年度創新人物) in 2018. In addition, Ms. Wang has accumulated substantial experience and expertise in the branding, advertising and media industry through advising leading brand owners and advertisers on the formation and execution of various branding, advertising and marketing services projects. Ms. Xue excels at applying her practical experience and professional knowledge to assist our customers to formulate branding, advertising and marketing strategies, identify the core strengths of the brands, and devise marketing services combined with relevant advertising resources.

Leveraging our competitive strengths, our Group has built up an experienced management team which can effectively oversee and coordinate our business operations across various work streams to facilitate our smooth operations. The ability to devise, manage and coordinate various aspects of a project and the delivery of quality services have allowed our Group to assist our customers in addressing their challenges and to ensure the delivery of envisaged services that meet the required standard. For further details and biographies of our Directors and senior management, please refer to the section headed "Directors and Senior Management" in this document. With their experience, knowledge and insights, we believe that our management team is able to lead our Group to grow with the expanding integrated branding, advertising and marketing service market in the PRC.

BUSINESS STRATEGIES

We intend to strengthen our market position as a branding, advertising and marketing service provider in the PRC and further increase our market share by implementing the following strategies.

Strengthen our data analytical capabilities and further enhance our branding services

Our Directors consider that possession of strong data analytical capabilities, up-to-date industry data and marketing information is one of the key factors leading to the success of a branding services provider. According to Frost & Sullivan, total expenditure of brand owners to advertising services providers in branding service market in the PRC grew at a CAGR of approximately 14.5% from approximately RMB2.9 billion in 2017 to approximately RMB5.7 billion in 2022 and is expected to grow at a CAGR of approximately 10.4% from RMB6.6 billion in 2023 to RMB9.8 billion in 2027. To capture the growth potential of the branding service market in the PRC, we intend to strengthen our data analytical capabilities and further enhance our branding services by (i) establishing our branding data platform and R&D database; (ii) acquiring more comprehensive market and industry data; and (iii) recruitment of additional staff for our R&D department.

(i) Establish our branding data platform and R&D database

According to Frost & Sullivan, the width and depth of branding and marketing data and customer behavior information as well as data analytical capabilities are critical for branding services providers to provide effective and tailor-made branding services. A well-established branding services provider that has access to large volume of data, information, industry insights and media resources will be able to develop more precise data analytics tools and to generate more in-depth and effective branding strategies to meet the business needs and marketing objectives of the customers. It is therefore an industry norm and common market practice for sizable market players in the branding services industry to set up their own branding data platforms and R&D databases to consolidate industry data and marketing information such as (i) branding strategies and environment across different industries; (ii) brand identities based on characteristics and competitive strengths of the brand owners; (iii) market positioning intelligence; (iv) design and development of branding content covering logos, patterns and icons, slogans, taglines, print collateral, signage, packaging, visual and audio content, advertising messages, digital platforms and websites; (v) media resources planning covering offline and online media advertising platforms and channels; (vi) competitor and target audience analysis based on the types and features of products and/or services being promoted and marketed; (vii) customers' behaviours and preferences in different market segments; (viii) market precedents and project experience for implementation of various branding strategies; and (ix) evaluation and analysis on the effectiveness of the branding proposals.

The setting up and development of branding data platforms and R&D databases can also provide the branding services providers with competitive edge over other market competitors in terms of (i) integration of the marketing data and information into the branding strategies and proposals; (ii) displaying and showcasing data analytical capabilities to the potential customers based on the industry-wide branding cases and data reports; (iii) addressing specific needs and marketing objectives of customers from a diverse range of industries; and (iv) enhancing efficiency of extracting relevant information and data to facilitate the branding consultation and advisory services to the customers according to Frost & Sullivan.

Leveraging on the comprehensive coverage of industry data and marketing information through the branding data platforms and R&D databases, it is also a common market practice for branding service providers to develop an interface platform offering access to branding data, industry insights and marketing related information and separately charge their customers for the downloading fee, membership fee or subscription fee, thereby further diversifying the revenue streams of the branding services providers.

During the Track Record Period, we mainly relied on third-party research institutes to conduct market research and provide us with the relevant industry data and marketing information based on the specific business needs and marketing objectives of our customers. Hence, the data and information obtained by our Group is project specific and generally has smaller coverage focusing on limited types of industry segments. In addition, there is generally slower delivery time for third-party service providers to provide us with the relevant industry data and marketing information which in turn lengthens the response time of our Group and may adversely affect efficiency of our service delivery to our customers.

In order to reduce our Group's reliance on third party research institutes, further enhance our Group's service offering particularly in branding business and strengthen our data analytical capabilities, thereby increasing our customer stability and market competitiveness, we intend to establish our own branding data platform and R&D database to strengthen our capabilities in (i) formulating effective and tailor-made branding strategies for customers in different industries; (ii) analysing customers' behaviours and preferences; (iii) profiling target audience in different market segments; (iv) integrating the latest market positioning intelligence, branding performance data and behavioural data in the consultation with our customers and subsequent service proposals; (v) strategic planning for different types of marketing and advertising resources; (vi) monitoring the latest industry trend for design and development of brand identities and branding content; (vii) projection of the potential market demands based on the types and features of products and/or services being promoted and marketed; and (viii) evaluating the effectiveness of the branding strategies and marketing proposals based on the market precedents and our project experience.

In order to establish the branding data platform and R&D database, we intend to acquire various types of market and industry data from industry research consultancy groups, media monitoring companies and market research companies, which mainly include, among others, (i) data on consumers' behaviours and preferences across different industry sectors, market positioning intelligence and competitive market landscape analysis to be obtained from industry research consultancy groups; (ii) data on viewership and profile of audience of different media and promotional programmes on television or online channels to be obtained from media monitoring companies; and (iii) data-based analysis of effectiveness of various e-commerce platforms (including their target customers and the consumers' behaviours on various e-commerce platforms) and the latest industry trend and potential demands in the local market to be obtained from market research companies. For further details of the market and industry data to be procured by our Group, please refer to the paragraph headed "Business strategies – (ii) Acquire more comprehensive market and industry data" in this section.

In particular, the data analytics can be applied to our branding services in the following aspects:

- ***Consolidation of industry data, branding insights and market positioning intelligence and integration of the relevant analysis into our service proposals.*** Leveraging on our R&D database and the advanced industry data to be acquired by our Group, we intend to develop our branding data platform to cover the entire value chain of the data analytics, including business case evaluation, identification of data, data filtering, data extraction, data aggregation, data analysis and final analysis result, which in turn enable our Group to consolidate and analyse the latest industry data, branding insights and market positioning intelligence and integrate the relevant analysis results in our banding strategies and service proposals.

- ***Profiling analysis and precise audience targeting.*** Through analysis of our data assets, we can utilise data analytics to extract and monitor the data and information regarding the users/recipients of different media platforms and channels, including basic demographics such as age, gender, geographic location as well as personal interest and preference, which can facilitate our Group to devise branding proposals or marketing plans to precisely target and reach the types of audiences for the products and/or services being promoted by the brand owners.

- ***Real-time monitoring and optimisation of branding and marketing performance.*** With the support of data analytics and related technologies, we can analyse the raw data from a wide range of media publishers on a real-time basis, including user traffic, ad performance data and behavioral data, which in turn enable us to continuously monitor and analyse these data in a timely manner and optimise the branding and marketing performance to assist the brand owners and advertisers to acquire, convert and retain their target customers in a more cost effective way.

- ***Enhancing the efficiency and effectiveness of branding strategies.*** Considering the evolving demands and preferences from the target customers across different industries, we intend to utilise data analytics to prepare simulation models and forecasts of the market reactions to the branding strategies implemented by the brand owners by analysing (i) the forthcoming industry trends; (ii) spending patterns of the target audiences; (iii) features and pricing of comparable products and/or services; (iv) projected demands based on the competitive market landscape analysis; and (v) popularity and quality of different types of advertising and marketing resources.

According to Frost & Sullivan, along with the development of branding service market, brand owners have put forward higher requirements for the service quality and service scope whilst branding service providers have also been dedicated to extend their service scope which covers a complete marketing process mainly including preliminary market research, project organisation and planning, formulation and implementation of branding strategies, and evaluation of the implementation results. To showcase our data analytical capabilities to the potential customers and capitalise on the rapid growth in demand for data driven branding services in the PRC, we will also launch an user interface supported by our branding data platform and R&D database, which will enable us to offer our potential and existing customers with access to a comprehensive range of branding data, industry insights and marketing related information. Depending on the types and volume of the data required to be obtained by our customers and whether a preliminary market research report is required to be produced by us, we will charge our customers with separate service fees, which in turn can further diversify and drive up the revenue streams of our Group. The price to be charged for our Group's user interface, which covers branding data, industry analysis and marketing information is on a cost-plus basis and may vary for different customers, which will be determined taking into consideration (i) the costs of the branding data and marketing information acquired by our Group; (ii) the amount and complexity of the data as requested by our customers; (iii) the time schedule set by our customers for providing the relevant services; and (iv) the prices for similar data charged by other third-party service providers in the market.

The following table sets out the breakdown of the estimated costs of establishing our branding data platform and R&D database:

	Estimated amount for two years to be funded by [REDACTED] from the [REDACTED] *(HK$ million)*
Engagement of IT service provider to develop and set up our branding data platform and R&D database	**[REDACTED]**
Procurement of hardware (i.e. server, computer and database)	**[REDACTED]**
Procurement of software (e.g. tooling, operating system, resource management, data mining and tracking related software)	**[REDACTED]**
Total	**[REDACTED]**

Cost and benefit analysis on the establishment of the branding data platform and R&D database as opposed to cooperating with third party research institutes

The following table sets forth the cost and benefit analysis on the establishment of the branding data platform and R&D database as opposed to cooperating with third party research institutes:

	For the year ending 31 December			
	2023	**2024**	**2025**	**2026**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**
The amount expected to be paid to third party research institutes *(Note 1)*	27,161	32,756	39,503	47,641
The expected percentage of decrease in the extent of reliance on third party research institutes as a result of the establishment of the branding data platform and R&D database *(Note 2)*	20%	25%	30%	35%

	For the year ending 31 December			
	2023	**2024**	**2025**	**2026**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**	**(RMB'000)**
The expected amount of reduced expenses on engaging third party research institutes*(Note 3)*	5,432	8,189	11,850	16,674
Accumulated savings on engaging third party research institutes	5,432	13,621	25,471	42,145

Notes:

1. The amount expected to be paid to third party research institutes in future years is estimated with reference to the compound annual growth rate of the third-party research expenses incurred by our Group for FY2020, FY2021 and FY2022.

2. It is expected that with the establishment of the branding data platform and R&D database, we will be able to consolidate various industry data and marketing information from time to time, including branding strategies and environment across different industries, market positioning intelligence, customers' behaviours and preferences and competitive market landscape analysis in different industries. Further, to complement the development of our branding data platform and R&D database, we will also acquire more comprehensive market and industry data from various industry research groups to strengthen our data analytical capabilities. Through the above processes, it is expected that our Group will be able to possess and accumulate the market intelligence and market data of an increasing number of industries from time to time, thereby gradually reducing our reliance on third party research institutes for obtaining market data for our branding services projects in the forthcoming years.

   The above cost and benefit analysis is prepared on the assumption that we will be able to reduce our reliance on third party institutes and universities by 20% in the first year of the establishment of the branding data platform, with an estimated 5% increment for each subsequent year as we accumulate more market data and intelligence in the future. The aforesaid percentage decrease in the reduction of reliance on third party research institutes is determined taking into consideration the tasks involved in branding service projects, and our Directors' assessment of the number of tasks which can be substituted by our branding data platform and R&D database, which mainly include research works on industry trend and analysis, competitive market landscape, consumers' behaviours and preferences, etc..

3. The expected amount of reduced expenses on engaging third party research institutes is calculated by multiplying the expected percentage of decrease in the extent of reliance on third party research institutes by the amount expected to be paid to third party research institutes for the relevant year.

As disclosed in the paragraph headed "Business strategies – Amount of funds to execute our business strategies" in this section, the aggregate amount to be invested on the establishment of the branding data platform and R&D database is estimated to be approximately HK$14.5 million (equivalent to approximately RMB13.3 million). As we implement our branding data platform and R&D database in the future and as shown in the above table, we expect that our total amount in reduced expenses on engaging third party institutes will exceed our investment amounts from 2025 onwards.

In or around November 2021, in contemplation of the [**REDACTED**], our Directors started to explore potential qualified service providers which can fulfill our needs and requirements for establishment of the branding data platform and R&D database as part of our future development plan. It was the intention of the Directors to secure a quality service provider at an early stage with due regard to the (i) scope and quality of the services; (ii) track record and credentials; (iii) pricing; and (iv) after sales services and maintenance, thereby facilitating the smooth implementation of our future development plan for establishment of the branding data platform and R&D database after the [**REDACTED**].

Our Group entered into a service agreement dated 25 November 2021 and a supplemental agreement dated 28 March 2022 (collectively, the "**Service Agreements**") with an independent IT service provider (the "**Service Provider**"), pursuant to which our Group engaged the Service Provider to provide design and development services for establishment of the branding data platform and R&D database. The total contract sum for establishment of the branding data platform under the Service Agreements amounted to approximately RMB21.2 million (equivalent to HK$23.1 million). Pursuant to the Service Agreements, our Group utilised its internal fund and made the deposit payment for the branding data platform and R&D database in the amount of approximately RMB3.8 million (equivalent to HK$4.7 million) to the Service Provider by 31 December 2021.

Our Directors decided to enter into the Service Agreements with the Service Provider after considering the following factors:

(1) we had checked and reviewed the background of the Service Provider. Based on the information available in the public domain, the Service Provider was established in July 2010 and has a long history of operation. It is accredited as a "High and New Technology Enterprise" of the PRC and possesses extensive experience in the design and development of data platforms for companies from various industries and different provinces of the PRC. Our Directors believe that the extensive experience of the Service Provider in the field of data platform can fulfil our business needs and requirements for the establishment of our branding data platform; and

(2) we had obtained and reviewed service proposals and fee quotations from three different independent companies (including the Service Provider) for the design and development of the branding data platform, and our Directors considered that the price offered by the Service Provider was reasonable taking into consideration the scope of services and the credentials and experience of the Service Provider.

Subsequently, taking into account (i) the updated timetable for [**REDACTED**]; (ii) the funding required to complete the establishment of the branding data platform; and (iii) the fact that other relevant future development initiatives, including acquiring more comprehensive market and industry data and recruitment of additional staff for our R&D department, which can complement the use of our branding data platform, will only be implemented upon [**REDACTED**], our Group and the Service Provider therefore agreed to postpone the implementation of the design and development works of the branding data platform to the [**REDACTED**] so as to optimise the synergy effects of the establishment of the branding data platform together with implementation of other further development initiatives upon [**REDACTED**].

(ii) Acquire more comprehensive market and industry data

With the proliferation of the internet, social media, mobile devices and sensors, massive volume of data can be generated covering, among others, data and information relating to (i) the latest market development across various industry sectors; (ii) different consumer groups' behaviours and preferences; (iii) target audience of different marketing and advertising means; (iv) the latest industry trend and potential demands in the local market; and (v) the effectiveness of different types of branding, advertising and marketing strategies as confirmed by Frost & Sullivan.

In order to strengthen our strategy formulation, monitoring and evaluation capabilities, and to complement the development of our branding data platform and R&D database, we intend to acquire more comprehensive market and industry data to strengthen our strategy formulation capabilities in (i) assessing the latest market trend; (ii) satisfying the evolving demands and business needs of our customers; and (iii) analysing different forms of branding, advertising and marketing services best suitable for our customers to achieve their marketing objectives. For example, more industry data on consumer groups' behaviours and preferences would allow us to offer our branding, advertising and marketing services with higher precision targeted at audience selected by our customers. More comprehensive data for monitoring the execution of advertising projects on multiple channels including TV, online and outdoor platforms would allow us to strengthen our capability as a multi-channel advertising service provider. More data for evaluating the effectiveness of various branding, advertising and marketing services would allow us to strengthen our market position in the branding, advertising and marketing services market in the PRC.

The following table sets forth the details of the data intended to be acquired by our Group:

Data to be acquired	**Functions**	**Estimated amount for two years to be funded by [REDACTED] from the [REDACTED]**
		(HK$ million)
– advanced data from an industry research consultancy group *(Note 1)* on (i) online consumers' behaviours and preferences across different industry sectors; (ii) analysis on product portfolio and promotion mechanism of various advertising platforms; (iii) market positioning intelligence; and (iv) competitive market landscape analysis	To offer branding, advertising and marketing proposals with higher precision through obtaining more comprehensive data in terms of online consumers' behaviours and preferences across different industry sectors; the latest industry trend and marketing information	**[REDACTED]**

Data to be acquired	Functions	Estimated amount for two years to be funded by [REDACTED] from the [REDACTED]
		(HK$ million)
– advanced data from an international market research consultancy group *(Note 2)* on (i) spending patterns and projected demands from high-end consumers and government authorities in the PRC; (ii) macroeconomics research, market segmentation and sizing analysis; (iii) competitive strength of different market players; and (iv) branding strategies of various government authorities on positioning and promotion of images of cities and brands	To provide our customers with more in-depth analysis on the market demands and spending patterns by high-end consumers and government authorities in the PRC; and formulating our service proposals with reference to the latest market research data	**[REDACTED]**
– advertising/monitoring data from a media monitoring company *(Note 3)* on (i) implantation of TV advertisements; (ii) effects of online advertisements on the number and types of internet users covered, gross rating point and reach rate; and (iii) viewership on different online video platforms and browsing data from different types of mobile applications	To strengthen advertising resources planning and provide our customers with comparative analysis on the effectiveness of using different types of advertising resources and platforms which in turn enables us to formulate advertising services proposals with higher accuracy and efficiency	**[REDACTED]**
– advanced data from a well-known market research company based in the PRC *(Note 4)* on (i) online branding and sales strategies adopted by market players; (ii) analysis of various e-commerce platforms and their target audience; (iii) latest industry trend for digital branding and advertising services; and (iv) consumption pattern of smart device users on e-commerce platforms	To monitor the effectiveness of various online branding and advertising strategies, the behaviours and preferences of the smart device users, the target audience of various e-commerce platforms, and allow our customers to adjust their branding and marketing strategies accordingly	**[REDACTED]**

Data to be acquired	Functions	Estimated amount for two years to be funded by [REDACTED] from the [REDACTED]
		(HK$ million)
– advanced data from a well-known market research company based in the PRC *(Note 5)* on (i) quantitative analysis based on the frequency, length of time in browsing, number of impression and clicks and download times of different types of mobile applications and online platforms; and (ii) market data on the latest market environment and industry development trends and assessment of potential demands and growth potential in different industries.	To conduct competitive and quantitative analysis on the popularity and quality of different types of advertising and marketing resources through comparing the effectiveness of different mobile applications and online platforms and the behaviours and preferences of their users and obtain the latest information on the market environment and industry development trends of various industries, so as to allow us to provide corresponding evaluation services when we develop branding content in our branding services	**[REDACTED]**
	Total	**[REDACTED]**

Notes:

1. Such industry research consultancy group is a provider of data, analytics and consulting services in China and possesses research expertise in the online marketing, e-commerce, mobile internet, big data and Internet finance sectors. It has served clients covering various sectors, including advertising, public relations, retail, telecommunication, investment, consumer goods, government and public services.

2. Such market research consultancy group is a global market research group with offices in different countries and is principally engaged in, among others, conducting market research on market size, competitive landscape, policies affecting the industry and the general market trend of various industry sectors.

3. Such media monitoring company is principally engaged in the monitoring of placement data of advertisements on television and online platforms and assists brand owners and advertising agents to evaluate and enhance the effectiveness of the advertisement placements.

4. Such market research company is principally engaged in marketing data analysis of various industries and conducting research on various branding or marketing subjects, including, among others, marketing and strategy effectiveness assessment, pricing strategies for different groups of customers, study on consumers' consumption behaviour and attitude, and analysis on market growth, competitiveness landscape and prospects of different industries.

5. Such market research company is a marketing data and analytics company and is principally engaged in, among others, monitoring and collection of purchase data and behaviour of consumers on different media platforms and across different industries.

(iii) Recruitment of additional staff for our R&D department

In line with the development of our branding data platform and R&D database, and to further strengthen our capabilities in conducting data analysis and formulating effective branding, advertising and marketing services to meet the evolving business needs and marketing objectives of our customers, our Directors consider that it is important to recruit two research experts who are specialised in data analysis and market research on branding, advertising and marketing related services to (i) operate and maintain our branding data platform and R&D database; (ii) provide data analysis and R&D support to our strategy formulation team for developing tailor made branding, advertising and marketing services to our customers; (iii) improve the quality and precision of our advertising and marketing services proposals; (iv) assess and ascertain the accuracy and completeness of the market information and industry data provided to our customers; and (v) prepare evaluation reports on the effectiveness of our branding, advertising and marketing services proposals.

The research experts will be supported by the existing staff in our R&D department to execute and implement the above objectives and provide better market research and data analysis support for our business operation. The research experts will also provide internal trainings and know-how sharing to the staff in our R&D department so that they can also contribute to the operation and technical maintenance of the branding data platform and R&D database on top of their existing responsibilities. For further details of our R&D department, please refer to the paragraph headed "Research and development" in this section.

The following table lists out the experience and qualification required from the research experts to be recruited for our R&D department:

Position	Minimum year(s) of relevant experience	Qualifications	Estimated amount for two years to be funded by the [REDACTED] from the [REDACTED] *(HK$ million)*
Two research experts	Fifteen years of experience or above in data analysis and market research on media and communication, digital marketing, branding and advertising communication and promotion	Doctoral degree in data research, advertising, marketing, media and communication or related disciplines	[REDACTED]

In view of the above, we intend to utilise approximately HK$[**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], to strengthen our data analytical capabilities and further enhance our branding services among which, (i) approximately HK$[**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], for establishing our branding data platform and R&D database; (ii) approximately HK$7.0 million, representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], for acquiring more comprehensive market and industry data; and (iii) approximately HK$0.6 million, representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], for recruitment of additional staff for our R&D department. For further details, please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

Continue to expand our online media advertising services

We intend to continue to expand our online media advertising services through (i) enhancing our online media advertising platform; and (ii) developing our in-house content production capabilities so as to capture the growing business opportunities in the online media advertising services market in the PRC.

(i) Enhance our online media advertising platform

According to Frost & Sullivan, China's online media advertising services market has experienced significant growth in recent years. The expenditure of advertisers in online media advertising services market in China increased from approximately RMB351.8 billion in 2017 to approximately RMB766.2 billion in 2022, representing a CAGR of 16.8%. In the future, the expenditure of advertisers in online media advertising services market in China is expected to grow further at a CAGR of 8.9% between 2023 and 2027 and reach approximately RMB1,227.4 billion by the end of 2027. Further, as compared to offline media advertising such as TV advertising and outdoor advertising, online media advertising has the advantages that online media advertising has wider coverage, the effectiveness and performance of online media advertising can be monitored and measured, and online media advertising can precisely reach target audience. With such advantages, online media advertising has gradually gained popularity among advertisers, with the proportion of online media advertising in China's advertising services market increasing from 56.8% in 2017 to 73.5% in 2022 in terms of advertisers' expenditure.

We have begun providing online media advertising services to our customers in 2018 and generated revenue of approximately RMB18.5 million for FY2020. Our revenue generated from online media advertising services increased to approximately RMB46.2 million and RMB48.1 million for FY2021 and FY2022, representing a growth of approximately 150.0% and 4.1%, respectively. Despite a decrease in revenue from online media advertising services from approximately RMB21.8 million for 4M2022 to approximately RMB12.0 million for 4M2023 as a result of the application of net basis on revenue recognition for the provision of online media advertising services to some advertising agents, we recorded an increase in gross profit from this segment in 4M2023 from approximately RMB2.6 million for 4M2022 to approximately RMB10.6 million for 4M2023. In view of (i) the potential opportunities brought by the growth of China's online media advertising services market as mentioned above; and (ii) the general growth of revenue during FY2020 to FY2022 and the significant growth of gross profit from online media advertising services, our Directors are optimistic about the demand and future development of the online media advertising services market in China. Currently, we maintain an online media advertising platform which we mainly use to promote our online media advertising business. In order to further expand our online media advertising services and capture the potential business opportunities in the online media advertising market, we plan to enhance our online media advertising platform by building in three new systems into our online media advertising platform, namely (1) online media advertising effect monitoring and evaluation system; (2) precision online media advertising data analysis system; and (3) online media advertising data management system. The precision online media advertising data analysis system will enable us to collect, consolidate and analyse the online media advertising data from various online media platforms, and assist the customers to precisely identify the target audience of the online advertisements and devise the relevant advertising strategy to ensure that the online advertisements are placed to the appropriate recipients, thereby enhancing the effectiveness of the online media advertisement placements. In particular, under the precision online media advertising data analysis system, with the support of our branding data platform as described in the paragraph headed "Strengthen our data analytical capabilities and further enhance our branding services" in this section, it will consolidate various information on consumers' behaviours and preferences across different industry sectors, viewership and target viewers on different online advertising platforms. Such system will then analyse the business nature of our customers, and provide suggestions on the target audience and the appropriate advertising media platforms which can maximise the exposure of the advertisements to the target audience. Further, such system will also monitor the advertising placement strategies of the competitors of our customers, and enable our customers to make reference to them in devising or fine-tuning their own advertising placement strategies.

After the placement of advertisements by the customers, the online media advertising effect monitoring and evaluation system will collect and analyse the data of the online media advertisement placed on various online media platforms, and generate evaluation report on the effectiveness of our online media advertising strategies based on the information and data collected from the online media platforms. Such evaluation report allows our customers to have real-time monitoring on the online media advertisement placement process, and enables them to efficiently identify the potential issues and make the necessary adjustments so as to enhance the overall effectiveness of the online advertisement placements. In the absence of the online media advertising effect monitoring and evaluation system, currently we are only able to inspect the status of the placement of advertisements and ascertain whether there is any omission or mistake in the placement of advertisements by relying on the random inspection performed by our employees and the reports issued by the advertising media platforms, and such reports are generally only available after one week or month after the placements of advertisements. With the implementation of the above monitoring and evaluation system, it will regularly monitor and consolidate data on the advertisements placed on various media platforms, such as the duration of the advertisements placed on various platforms, the number of viewership and clicks, etc., and enable us to monitor the advertisements placed on a real-time basis and identify any irregularities instantly during the entire advertisement placements period.

Further, the online media advertising data management system will consolidate the data on online advertisement placements and allow us to directly obtain the data on the results of online advertisement placements, thereby enhancing our efficiency of preparing evaluation reports and management of the online media advertising projects. In the absence of the online media advertising data management system, currently we need to separately liaise with various advertising media platforms to obtain the data relating to the placement of advertisements. We will then need to manually review and consolidate the data obtained from the various platforms and compile the summary reports for our customers. With the implementation of the above data management system, it serves as a centralised system which will monitor and consolidate the data on the placement of advertisements on various platforms, and automatically generate the summary reports to our customers, thereby saving the time and labour cost of liaising with various advertising media platforms and reviewing and consolidating the data obtained therefrom.

According to Frost & Sullivan, online media advertising services providers with experiences in applying new technologies on precision marketing and effecting monitoring can maintain competitive advantages and obtain greater market share. We believe that these new systems will enhance our capability to monitor and evaluate the effectiveness of the online advertisement placed on various third-party online media platforms by our customers and add value to the existing online media advertising services provided by us to the customers, thereby increasing our competitiveness to capture the growing business opportunities in the online media advertising services market in the PRC. As at the Latest Practicable Date, our Group did not have plans to allow our customers to directly place advertisements on our online media advertising platform.

The following table sets forth the breakdown of the estimated costs for enhancing our online media advertising platform:

	Estimated amount for two years to be funded by [REDACTED] from the [REDACTED] *(HK$ million)*
Engagement of IT service provider to enhance our online media advertising platform	**[REDACTED]**
Procurement of hardware (e.g. server, computer and database)	**[REDACTED]**
Procurement of software (e.g. operating system, data management and advertisement monitoring software)	**[REDACTED]**
Total	**[REDACTED]**

(ii) Develop in-house content production capabilities

During the Track Record Period, we did not have in-house team for the production of content of online media advertisements for our online media advertising business and were mainly responsible for the planning and formulation of the advertising strategy and contents of the online advertisements. Although we can still conduct our online media advertising business under the above arrangement, the absence of in-house content production capabilities for our online media advertising business has restricted our ability to undertake online media advertising projects of large contract sum and limited the growth of our online media advertising business. Our Directors consider that customers with large-scale online media advertising projects generally approach advertising service providers which have in-house content production capabilities. According to Frost & Sullivan, customers of large-scale online media advertising projects generally have more stringent requirements on the production of the content of online advertisements and would generally prefer established advertising service providers with in-house content production capabilities to better oversee and implement their online media advertising plans. During the Track Record Period, our Group failed to secure six online media advertising projects with the expected aggregate contract value of approximately RMB30 million due to the lack of in-house capability for production of contents of the online advertisements for our online media advertising business. In order to demonstrate to the potential customers of our ability to undertake large-scale online media advertisement projects and avoid the loss of business opportunities due to lack of in-house production capability for our online media advertising business, we plan to develop our in-house content production capabilities through setting up of video studio premises and purchase of equipment and software, such as photography and video shooting equipment, video editing software, sound recording and lighting equipment. In particular, we intend to purchase high quality video shooting equipment and accessories with better performance on image quality and stability so as to enhance the quality of the advertisement videos to be produced for customers, which we believe can further increase the attractiveness of our online media advertising services to potential customers. Leveraging on (i) our brand reputation established in the branding, advertising and marketing service market throughout the years; and (ii) in-depth understanding on the advertising objectives, preferences and needs of our customers, our Directors were confident that, with the development of our in-house production capabilities for our online media advertising business, our competitiveness will be further enhanced and our Group will be better positioned to undertake more sizeable projects from large-scale customers and capture the growing business opportunities in the online media advertising market in the PRC.

The below table sets out the breakdown of the estimated costs for developing our in-house content production capabilities:

	Estimated amount for two years to be funded by [REDACTED] from the [REDACTED] *(HK$ million)*
Setting up of video studio premises	4.3
Purchase of equipment and software (e.g. photography and video shooting equipment, video editing software, sound recording and lighting equipment)	5.9
Total	10.2

In view of the above, we intend to utilise approximately HK$14.9 million, representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], to enhance our online media advertising platform and develop in-house content production capabilities to capture the growing opportunities in the online media advertising market in the PRC among which, (i) approximately HK$[**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], for enhancing our online media advertising platform; and (ii) approximately HK$10.2 million, representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], for developing in-house content production capabilities. For further details, please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

As advised by our PRC Legal Advisers, (i) pursuant to the confirmation issued by and the interview conducted with Hubei Communications Administration* (湖北省通信管理局), the functions and usages of the branding data platform and R&D database and the enhanced online media advertising platform belong to non-operational Internet information services (非經營性互聯網信息服務) and the Permit for Operation of Value-added Telecommunication Business (增值電信業務經營許可證) is not required; (ii) the development of in-house content production capabilities only covers the production of advertising videos and does not involve the production of movies or television programmes; and (iii) the above activities do not fall under the scope of foreign-restricted investment under the "Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021)" (外商投資准入特別管理措施(負面清單)(2021年版)). Based on the above, our PRC Legal Advisers are of the view that the operation of the branding data platform and R&D database, enhancement of online media advertising platform and the development of in-house content production capabilities will not be subject to foreign ownership restriction under the PRC laws.

Expand the geographical reach of our services

We intend to expand the geographical reach of our branding, advertising and marketing services by establishing offices in Beijing and Shanghai.

Based on our Directors' experience and as advised by Frost & Sullivan, customers would generally select branding, advertising and marketing service providers with local presence which are familiar with the local customers' preference, market demand and business environment. It is therefore an industry norm for branding, advertising and marketing service providers to establish presence in different cities to strengthen their market position and thereby further expand the geographical reach of their services and increase their market share in the PRC. In addition, service providers with local presence are usually perceived as having better knowledge and insight of the local market environment and therefore enjoy higher degree of competitive advantage over other market competitors without local presence when providing tailor-made branding, advertising and marketing services to the local customers.

Although the implementation of our certain services, such as online media advertising services, can be performed over the Internet or mobile application, we generally need to have a number of physical meetings with our customers at the preliminary planning stages of our service proposals and prior to implementation thereof. In particular, we will need to have detailed discussion with the management of our customers to understand their background, expectations and marketing and advertising objectives so as to devise the appropriate advertising proposal which can fulfil the needs of our customers. We will then discuss the preliminary advertising proposals with our customers, and fine-tune our draft proposals according to their feedback before the actual implementation thereof. Since our advertising proposals will be tailor-made for our customers who generally expect us to have close and timely communication with them, the establishment of offices in Beijing and Shanghai will facilitate the communication with our potential customers in Northern China and Eastern China and enhance their confidence in our Group, thereby increasing the likelihood of securing service projects in the future.

During the Track Record Period, we mainly carried out our business operations through our two offices in Wuhan and Macheng, both of which are located in Hubei Province. Leveraging on our (i) capability in formulating branding, advertising and marketing services to our customers as well as our established market reputation and proven track record; (ii) our knowledge and experience in the local market dynamics, industry practice and preferences of the local customers; and (iii) our relationships with the customers and suppliers based in Hubei Province, we were able to provide our services to customers based in Central China, covering the major cities in Hubei Province, Anhui Province and Jiangxi Province. As advised by Frost & Sullivan, sizable advertisers and customers are more confident in branding, advertising and marketing service providers which have established local presence with their offices and execution staff/teams based in the local or surrounding regions and tend to engage these service providers as they are considered to have more local support and insights in the demands and preferences of the local consumers/audience, thereby enhancing the effectiveness and efficiency of the branding, advertising and marketing services.

In line with our business development plan to expand our geographical reach in different regions in the PRC, we intend to strategically strengthen our business presence in Northern China and Eastern China by establishing offices in Beijing and Shanghai so as to better position ourselves to promote and market our services to the local customers based in these regions.

(i) Setting up Beijing office

According to Frost & Sullivan, Beijing is considered as the political hub and one of the key business and commercial hubs in the PRC, which provides great potential for business expansion. In order to expand the geographical reach of our business, our Directors plan to establish an office in Beijing so as to enable us to better promote and offer our services to customers based in Northern China. According to Frost & Sullivan, Northern China is one of the major markets of the integrated branding, advertising and marketing service industry in the PRC. In particular, in 2022, the market size of the integrated branding, advertising and marketing service in Beijing was approximately RMB38.6 billion with a CAGR of approximately 10.8% from 2017 to 2022; and the market size is expected to grow with a CAGR of approximately 8.1% from 2023 to 2027.

We believe that the establishment of an office in Beijing will enable us to expand our reach to more customers in the PRC so as to capture the growing business opportunities in Northern China. According to Frost & Sullivan, it is common that customers from various industries would specify in their tender invitations, either as an entry threshold or a major scoring item for tender evaluation, that they require or prefer branding, advertising and event execution service providers which have local offices in their region. The establishment of an office in Beijing will increase our chance of securing potential projects from public tenders in Northern China.

In addition, our physical presence in Beijing will allow our services to be more accessible for customers based in Northern China as the Beijing office will provide a physical platform for our customers to have face-to-face and timely interactions with us. We have from time to time received enquiries for branding, advertising and marketing services from potential customers based in Northern China. However, since our headquarter is located in Wuhan, many of these potential customers raised concerns that (i) it is inconvenient and costly for them to visit our headquarter in Wuhan; (ii) we may not be able to handle their enquiries on a face-to-face and timely basis; (iii) we may not be familiar with the local market dynamics, industry practice and consumers' preferences and behaviours without a local office and business network in Beijing; and (iv) we are unable to fulfil the pre-requisite condition of certain projects which require the service provider to have a local office with our project team members to provide on-site services, resulting in our Group not being able to obtain four projects from the potential customers based in Northern China with a total estimated contract sum of approximately RMB39 million during the Track Record Period. As it is key to maintain close and on-going communication between the service providers and customers during the process of providing branding, advertising and marketing services, customers generally expect their branding, advertising and marketing service providers to have local presence in their region to enable more direct contacts, convenient communications and prompt responses from the service providers through face-to-face meetings in a short period of time. Therefore, the establishment of the Beijing office would enable our Group to address the above concerns raised by the potential customers, enhance our visibility and penetration in Northern China, increase our chance of participating in public tenders and successful tenders for customers located in Northern China and capitalise the business growth and opportunities in such region.

For FY2020, FY2021, FY2022 and 4M2023, the aggregate revenue generated from our customers based in Northern China amounted to approximately RMB0.5 million, RMB6.7 million, RMB6.9 million and RMB2.5 million, respectively, representing approximately 0.4%, 4.2%, 3.3% and 3.3% of our total revenue during the same periods. During the Track Record Period, we have maintained a correspondence address in Beijing to facilitate the communication between the Group and our suppliers based in Beijing. For further details, please refer to the paragraph headed "Property" in this section. However, we had no business operation nor any staff based in Beijing during the Track Record Period and up to the Latest Practicable Date. Our Directors believe that it would be advantageous for our Group to establish office in Beijing to enhance our market visibility and to capture the market growth in Northern China. Further, we have also entered into framework agreements with three local customers based in Northern China ("**Northern China Potential Customers**") for a term of 12 to 13 months under which these customers may engage the Group to provide branding services with the aggregate contract amount capped at RMB15.8 million. All of the Northern China Potential Customers are our recurring customers, and are principally engaged in the businesses of research, development and sale of agricultural machineries and vehicles, and production and sale of alcohol and protein beverages. While we have entered into framework agreements with the Northern China Potential Customers, we need to further negotiate and enter into separate service agreements with those customers to proceed with the transactions contemplated under the framework agreements. As discussed above, we had in the past encountered the situation that we failed to obtain certain projects from potential customers in Northern China due to our absence of local office in Northern China and their concerns on communication and meeting with our Group under short notice during project implementation. As such, the establishment of the Beijing office serves to strengthen the confidence of the Northern China Potential Customers in us, thereby enhancing the communication with the customers to discuss the details of the transactions contemplated under the framework agreements. In addition, as at the Latest Practicable Date, we were in negotiation with three customers based in Northern China, with the estimated aggregate contract sum of not more than RMB21.5 million. Therefore, it has been demonstrated that there are business opportunities for us to expand and we indeed are in the process of securing business contracts in such region.

(ii) Setting up Shanghai office

While the Beijing office will mainly cover our business expansion in Northern China, it is part of our Group's long-term business strategy to further expand our geographical reach in the PRC by establishing an office in Shanghai to capture the business growth and opportunities in Eastern China. In particular, according to Frost & Sullivan, in 2022, the market size of the integrated branding, advertising and marketing services in Shanghai was approximately RMB40.9 billion with a CAGR of approximately 10.6% from 2017 to 2022; and the market size is expected to grow at a CAGR of approximately 9.4% from 2023 to 2027.

We believe that the establishment of an office in Shanghai will enable us to expand our reach to more customers in the PRC so as to capture the growing business opportunities in Eastern China. According to Frost & Sullivan, it is common that customers from various industries would specify in their tender invitations, either as an entry threshold or a major scoring item for tender evaluation, that they require or prefer branding, advertising and event execution service providers which have local offices in their region. The establishment of an office in Shanghai will increase our chance of securing potential projects from public tenders in Eastern China.

Our physical presence in Shanghai will also allow our services to be more accessible for customers based in Eastern China as the Shanghai office will provide a physical platform for our customers to have face-to-face and timely interactions with us. Similar to the potential customers based in Northern China, the local customers based in Eastern China have raised concerns that (i) it is inconvenient and costly for them to visit our headquarter in Wuhan; (ii) we may not be able to handle their enquiries on a face-to-face and timely basis; (iii) we may not be familiar with the local market dynamics, industry practice and consumers' preferences and behaviours without a local office and business network in Shanghai; and (iv) we are unable to fulfil the pre-requisite condition of certain projects which require the service provider to have a local office with our project team members to provide on-site services, resulting in our Group not being able to obtain four projects from the potential customers based in Eastern China with a total estimated contract sum of approximately RMB27 million during the Track Record Period. As it is key to maintain close and on-going communication between service providers and customers during the process of providing branding, advertising and marketing services, customers generally expect their branding, advertising and marketing service providers to have local presence in their region to enable more direct contacts, convenient communications and prompt responses from the service providers through face-to-face meetings in a short period of time. Therefore, the establishment of the Shanghai office would enable our Group to address the above concerns raised by the potential customers, enhance our visibility and penetration in Eastern China, increase our chance of participating in public tenders and successful tenders for customers located in Eastern China and capitalise the business growth and opportunities in such region.

For FY2020, FY2021, FY2022 and 4M2023, the aggregate revenue generated from our customers based in Eastern China amounted to approximately RMB16.6 million, RMB24.3 million, RMB56.4 million and RMB26.0 million, respectively, representing approximately 16.1%, 15.4%, 27.2% and 34.6% of our total revenue during the same periods. Our Directors believe that it would be advantageous for our Group to establish office in Shanghai to enhance our market visibility and to capture the market growth in Eastern China. After the Track Record Period and up to the Latest Practicable Date, we have further entered into 21 service agreements with customers based in Eastern China with the total contract sum of approximately RMB5.8 million. Further, we have also entered into framework agreements with three local customers based in Eastern China ("**Eastern China Potential Customers**") for a term of 30 months under which these customers may engage the Group to provide branding services with the aggregate contract amount capped at RMB83.0 million. All of the Eastern China Potential Customers are our recurring customers, and are principally engaged in the businesses of automobile and research, development and sale of locks and security systems. While we have entered into framework agreements with the Eastern China Potential Customers, we need to further negotiate and enter into separate service agreements with those customers to proceed with the transactions contemplated under the framework agreements. As discussed above, we had in the past encountered the situation that we failed to obtain certain projects from potential customers in Eastern China due to our absence of local office in Eastern China and their concerns on communication and meeting with our Group under short notice during project implementation. As such, the establishment of the Shanghai office serves to strengthen the confidence of the Eastern China Potential Customers in us, thereby enhancing the communication with the customers to discuss the details of the transactions contemplated under the framework agreements. In addition, as at the Latest Practicable Date, we were in negotiation with five customers based in Eastern China, with the estimated aggregate contract sum of not more than RMB50 million. Therefore, it has been demonstrated that there are business opportunities for us to expand and we indeed are in the process of securing business contracts in such region.

Beijing and Shanghai, as political center and economic center in the PRC respectively, have enjoyed rapid development and attracted large number of enterprises settled, which stimulated vigorous demand for branding, advertising and event execution and production services as confirmed by Frost & Sullivan. Moreover, there are sufficient and quality media platforms and advertising resources and favourable government policies to support the rapid development of branding, advertising and marketing services market in Beijing and Shanghai. In future, according to Frost & Sullivan, with the further integrated development of regional economies, including Yangtze River Delta (長江三角洲地區) with Shanghai as center and Jing-jin-ji Region (京津冀地區) with Beijing as center, there will be growing demand for branding, advertising and marketing services from potential customers in those surrounding areas, which is conducive for market players to further expand their business.

Following the outbreak of COVID-19, as confirmed by Frost & Sullivan, taking into account the potential quarantine measures, lockdown restrictions, and travel suspension which may be imposed by their local governments, we have also witnessed the growing trend for customers based in Beijing and Shanghai to engage branding, advertising and marketing service providers which have local staff stationed in local offices so as to better provide timely support and on-site services to address their branding, advertising and marketing services needs and requirements, and thereby avoid the complication arising from these initiatives to deal with COVID-19.

In respect of the setting up of offices in Beijing and Shanghai, we had considered the following to assess that there will be notable demand for our services in Beijing and Shanghai:

(i) there are favourable government policies towards the development of branding, advertising and marketing service markets in Beijing and Shanghai. According to Frost & Sullivan, the Shanghai Municipal People's Government proposed the strategy of "Four Major Brands (四大品牌)" in 2018 and took the development of advertising market as one of the special action plans of establishing the "Service Brand of Shanghai (上海服務品牌)", while the Beijing Municipal People's Government proposed the "Construction Plan of Market Supervision System During 13th Five Year Plan in Beijing" (北京市"十三五"時期市場監管體系建設規劃)" in 2016 to standardise the advertising business behaviours and promote the steady growth of advertising market in Beijing. Subsequent to the issuance of the above strategy and development plan, in September 2019, the State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and Shanghai Municipal Commission of Commerce issued the "Notice on Certain Measures on Promotion of Traditional Brands of Domestic State-Owned Enterprises" (關於推進本市國有企業重振老字號品牌的若干措施的通知), and strengthened the promotion of brand culture and image of traditional brand names in various media channels. In March 2020, the Beijing Municipal Commission of Commerce issued the "Notice on Certain Measures on Promotion of the Steady Development of Commercial Advisory Service Industry" (關於促進商務諮詢服務業健康發展的若干措施的通知), pursuant to which the Beijing Municipal People's Government would, among others, strengthen the financial support on the promotion of the advertising industry in Beijing. These policies have provided a favorable environment for the long-term development of the branding, advertising and marketing service markets in Beijing and Shanghai;

(ii) as confirmed by nine existing customers which have established offices in Beijing or Shanghai or have demand for branding, advertising and marketing services in Northern China and Eastern China, of which their aggregate revenue contribution to our Group amounted to approximately 49.5%, 23.8%, 25.9% and 18.9% of our total revenue for FY2020, FY2021, FY2022 and 4M2023, respectively, they considered that the location of service providers is one of the key factors in considering the engagement of a branding, advertising and marketing service provider. They were of the view that the setting up of offices in Beijing and Shanghai by our Group will facilitate their communication with our Group on the planning, implementation and monitoring of our branding, advertising and marketing service, and may consider engaging our Group for our branding, advertising and marketing service in Northern China or Eastern China regions if we have established offices in Beijing and Shanghai;

(iii) as discussed above, we have separately entered into framework agreements with each of the Northern China Potential Customers and the Eastern China Potential Customers. As confirmed by the Northern China Potential Customers and the Eastern China Potential Customers, (1) the location of service providers is one of the key factors in considering the engagement of a branding, advertising and marketing service provider; (2) the aforesaid framework agreements were entered into on the understanding that our Group will establish offices in Beijing and Shanghai; and (3) our presence in Beijing and Shanghai will facilitate the discussion and implementation of the transactions contemplated under the aforesaid framework agreements;

(iv) according to Frost & Sullivan, large-scale branding, advertising and marketing service providers in Beijing and Shanghai usually target and prefer more sizable customers. Further, for the purpose of achieving economies of scale in operation, some leading branding, advertising and marketing service providers in Beijing and Shanghai primarily focus on single advertising media resources such as online advertising media resources, and do not offer other forms of advertising resources such as offline resources or event production services. Considering that sizable branding, advertising and marketing service providers generally specialize in and possess expertise in offering a particular type of advertising resources, more sizable customers, which have more budget for brand promotion and advertising, tend to obtain various advertising media resources separately from different sizable service providers instead of from integrated service providers like our Group, with an aim to obtain the best resources under different advertising media to maximize the viewership and advertising effect;

In contrast, we target small-to-medium-sized private companies (comprising the majority of the companies established in Beijing and Shanghai) from different industries, which generally have limited marketing budget and prefer to engage a single service provider which is able to offer diversified advertising media resources. As such, our ability to offer diversified advertising media resources comprising branding services, both offline and online advertising media resources and event execution and production services can cater for the needs of this customer segment and allow us to provide more flexible and comprehensive services for our target customers. In addition, as compared to large-scale branding, advertising and marketing service providers, we believe we are able to make decisions and respond to our customers' requirements more quickly. We consider that we are different from those large scale service providers and we are not in direct competition with them, and that the difference in target customers, service offerings and efficiency in responding to customers' requests between those large-scale branding, advertising and marketing service providers and us will provide us with potential business opportunities in Beijing and Shanghai; and

(v) according to Frost & Sullivan, Beijing and Shanghai are two major markets of the integrated branding, advertising and marketing service industry in the PRC, accounting for approximately 3.7% and 3.9% of total market size in the PRC in terms of total expenditure in FY2022, respectively. The market size of the integrated branding, advertising and marketing service in Beijing and Shanghai grew at CAGRs of approximately 10.8% and 10.6% between 2017 to 2022 and are expected to grow at CAGRs of approximately 8.1% and 9.4% between 2023 and 2027, respectively. All these indicate the market demand for integrated branding, advertising and marketing services in Beijing and Shanghai in the future.

While there may be fierce competition among branding, advertising and marketing service providers in Beijing and Shanghai, we believe that we possess the capabilities to capture the increasing market demand in Beijing and Shanghai. According to Frost & Sullivan, customers would generally prefer to engage branding, advertising and marketing service providers whom they have worked with in the past and are familiar with their business models, nature of products and services and marketing strategies so as to facilitate the preparation of tailor-made advertising or branding proposals which can suit their marketing needs. As mentioned above, nine of our existing customers, which have established offices in Beijing or Shanghai and accounted for approximately 49.5%, 23.8%, 25.9% and 18.9% of our total revenue for FY2020, FY2021, FY2022 and 4M2023, respectively, have confirmed that they will consider engaging our Group for our branding, advertising and marketing service in Northern China or Eastern China regions if we have established offices in Beijing and Shanghai. Further, we have entered into framework agreements with three Northern China Potential Customers and three Eastern China Potential Customers, all of whom are our recurring customers, with the proposed aggregate contract amount capped at RMB15.8 million and RMB83.0 million, respectively. Therefore, our Group intends to capture new business opportunities in Beijing and Shanghai by focusing on strengthening our communication with our existing customers and exploring new projects from them. Through execution of branding, advertising and marketing services projects for our existing customers, we believe that we will be able to gradually build up our brand name and reputation in Beijing and Shanghai markets leveraging (i) our proven track record in providing quality branding, advertising and marketing services; (ii) our capabilities in strategy formulation and data analysis; and (iii) our business relationship with our customers and suppliers, which in turn will further strengthen our capabilities to secure projects from new customers in these two regions.

The following table sets forth the breakdown of the estimated costs for establishing offices in Beijing and Shanghai:

	Estimated amount for two years to be funded by the [REDACTED] from the [REDACTED] *(HK$ million)*
Establishment of Beijing office	
Rental cost	[**REDACTED**]
Decoration cost	[**REDACTED**]
Staff costs of 19 staff (comprising 1 management staff, 3 administration staff, 1 media operation staff, 6 strategic formulation staff, 5 sales and marketing staff and 3 finance and accounting staff)	[**REDACTED**]
Office facilities cost	[**REDACTED**]
Other administrative expenses	[**REDACTED**]
Sub-total	[**REDACTED**]
Establishment of Shanghai office	
Rental cost	[**REDACTED**]
Decoration cost	[**REDACTED**]
Staff costs of 19 staff (comprising 1 management staff, 3 administration staff, 1 media operation staff, 6 strategic formulation staff, 5 sales and marketing staff and 3 finance and accounting staff)	[**REDACTED**]
Office facilities cost	[**REDACTED**]
Other administrative expenses	[**REDACTED**]
Sub-total	[**REDACTED**]
Total	[**REDACTED**]

We intend to utilise approximately HK$[**REDACTED**] million, or approximately [**REDACTED**], of the [**REDACTED**] from the [**REDACTED**] to establish offices in Beijing and Shanghai, among which (i) HK$[**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], to establish Beijing office; and (ii) HK$[**REDACTED**], representing approximately [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**], to establish Shanghai office. For further details, please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

Further improve our brand recognition and increase our marketing efforts

According to Frost & Sullivan, sizable advertisers in the PRC generally have preference to cooperate with established branding, advertising and marketing services providers which have developed their corporate images and reputation as having proven track record in delivering quality services with a wide range of media platforms and advertising resources. Thus, it is crucial for market players in the branding, advertising and marketing services industry to increase their brand awareness and improve their corporate images in order to maintain their competitiveness given that market participants with renowned brands and corporate images would more likely to be perceived by advertisers as having more resources, experience and insights on the advertisers' products and/or services and their marketing requirements.

Thus, we intend to further improve the awareness and recognition of our brand and increase our marketing efforts by organising and hosting marketing events and activities covering themed conferences, summit forums and marketing campaigns in order to market and promote our service offerings and capabilities to potential customers across different industry sectors and locations, thereby further diversifying and expanding our customer base. Further, with the commencement of our provision of advertisement placement services in May 2022, we intend to organise various marketing campaigns to enhance the awareness of our services among potential customers so as to secure more business opportunities for our advertisement placement services from potential customers in different cities. According to Frost & Sullivan, it is a common industry practice for leading branding, advertising and marketing services providers based in the PRC to promote their brand awareness and market their services to the potential or target customers by organising and hosting marketing events and activities to showcase their industry experience, technical expertise, professional personnel and capabilities.

During the Track Record Period, we have successfully organised and hosted over 5 conferences covering different types of branding, advertising and marketing related topics and updates, which were well received in the market and attended by over 2,000 potential customers, market participants and executive personnel. As the organiser and host for these conferences, we were responsible for (i) advertising and promoting the conferences to the target audience; (ii) identifying the trending topics, themes and industry updates to be covered in the conferences; (iii) preparing rundown, agenda and content sessions for the conferences; (iv) inviting industry experts, professors, marketing directors and advertising consultants as speakers to share their experience and insights; and (v) delivering trainings and seminars based on the latest industry trend and market development. For instance, in March 2017, we were commissioned by an advertising centre of a state-owned national broadcaster to organise and host a conference under the theme of "National Branding Scheme – Central China Region* (國家品牌計劃-走進華中區域)", which was attended by nearly 300 participants including our target customers, business partners, advertisers' representatives and senior executive from renowned brand owners, and our Group has subsequently successfully secured 6 new customers to engage our services with a total contract value in the amount of approximately RMB29.2 million through the organisation and hosting of such conference.

Thus, our Directors consider that we can benefit from organising and hosting these marketing events and activities in terms of (i) promoting and showcasing our services offering and capabilities; (ii) building up our corporate image as one of the well-established branding, advertising and marketing services providers; (iii) developing business networks and relationships with our existing and potential customers; and (iv) securing new business opportunities with our target customers and thereby further increasing our market share. We intend to utilise approximately HK$5.0 million, or approximately 8.0%, of the [**REDACTED**] from the [**REDACTED**] to further improve our brand recognition and increase our marketing efforts.

AMOUNT OF FUNDS TO EXECUTE OUR BUSINESS STRATEGIES

The implementation of the above strategies is estimated to require approximately HK$[**REDACTED**], which will be funded by the [**REDACTED**] from the [**REDACTED**]. For details of the use of the [**REDACTED**] from the [**REDACTED**], please refer to the section headed "Future Plans and [**REDACTED**]" in this document.

	To be funded by [REDACTED] from the [REDACTED] *(HK$ million)*
Strengthen our data analytical capabilities and further enhance our branding services	[**REDACTED**]
– Establish our branding data platform and R&D database	[**REDACTED**]
– Acquire more comprehensive market and industry data	[**REDACTED**]
– Recruitment of additional staff for our R&D department	[**REDACTED**]
Continue to expand our online media advertising services	[**REDACTED**]
– Enhance our online media advertising platform	[**REDACTED**]
– Develop in-house content production capabilities	[**REDACTED**]
Expand the geographical reach of our services	[**REDACTED**]
– Setting up Beijing office	[**REDACTED**]
– Setting up Shanghai office	[**REDACTED**]
Further improve our brand recognition and increase our marketing efforts	[**REDACTED**]
Working capital	[**REDACTED**]
Total investment amount for our business strategies	[**REDACTED**]

OUR BUSINESS MODEL

We are a branding, advertising and marketing service provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to execution of branding, advertising and marketing projects through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation to targeted recipients, and improving the competitiveness and market share of their products or services.

Our customers comprise (i) brand owners and advertisers, including private and state-owned enterprises and government authorities; and (ii) advertising agents, from a diversified spectrum of industries including beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and agricultural and related food processing.

During the Track Record Period, we derived revenue from the provision of:

(i) branding services, primarily including (a) market research and industry data analysis on industries in which our customers are engaged through cooperation with research institutes; (b) planning of brand development strategies, involving identification of core values of brands and advice on brand positioning and target customers; (c) design of brand image; and (d) formulation of products and/or services marketing and brand promotional plans;

(ii) advertising services, comprising traditional offline media advertising services and online media advertising services, through traditional offline media such as TV, radio and outdoor advertising space and online media such as websites, search engines, applications and social media platforms, primarily including (a) identification and selection of the appropriate media mix; (b) preparation of advertising proposals; (c) procurement of advertising resources; and (d) arrangement and supervision of placement of advertisements;

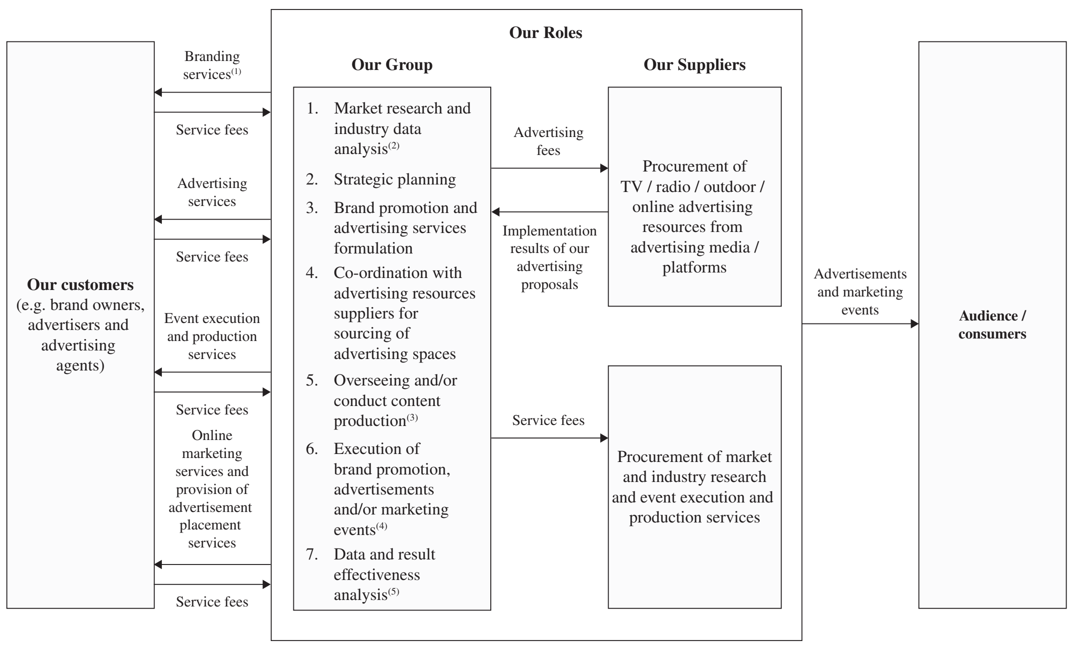
(iii) event execution and production services through organisation and implementation of marketing events to promote the brands, products and/or services of our customers; and

(iv) provision of advertisement placement services (including rebates from Media Partner), comprising formulation of online advertisement placement plan, maintaining the accounts of the customers opened at the advertising platforms of the Media Partner and arranging advertisement placement on the designated online media platforms of the Media Partner according to the requests of our customers. As an ancillary service, we will also design and produce short advertisement videos based on the request of our customers.

To optimise our customers' advertising and marketing strategies, after provision of our traditional offline and online advertising services and event execution and production services, we will prepare a summary report to analyse and evaluate the effectiveness of our advertising proposals or marketing events based on the results provided by advertising media or platforms.

Our Directors believe that our scope of services and business model will allow us to enhance the competitiveness of our services as we can lower our customers' costs and time in sales and marketing and improve our business efficiency as we can fully capture the business opportunities from each customer across the entire value chain.

The following chart sets forth our business model in providing branding, advertising and marketing services to our customers during the Track Record Period:



Notes:

(1) After receiving the branding service proposals prepared by us, our customers may further engage us to execute our proposals on project basis as separate engagements for our advertising services and/or event execution and production services.

(2) We will generally collaborate with research institutes to conduct market research and industry data analysis. For details, please refer to the paragraph headed "Collaboration with research institutes" in this section.

(3) For our traditional offline and online media advertising services, we are generally not responsible for the content production as our customers may have their own in-house team or designated third-party production house for the production of advertisements to ensure consistency in design and style of their own series of advertisements. In the event that our customers would like us to oversee the content production, we will generally engage independent third parties for production of the content and supervise the process.

For our provision of advertisement placement services, depending on the needs of our customers, we also assist them to design and produce short advertisement videos for placing on the online media platforms of the Media Partner.

(4) For our provision of advertisement placement services, we will assist our customer to open an account on the advertising platform of the Media Partner, and operate the account of the customers to place advertisements on the relevant online media platforms of the Media Partner.

(5) After the end of the advertising period or the marketing event (excluding provision of advertisement placement services), we would prepare and provide a summary report to our customers to summarise the implementation details provided by advertising media or platforms and analyse the effectiveness of our advertising proposals or marketing events.

For our advertisement placement services, once the advertisement is displayed online, we will monitor the advertisement performance and review their marketing results on a real-time and continuing basis on the Media Partner's platforms, and provide feedback to the customers. Therefore, we will not prepare any summary report at the end of the advertising period.

In the course of our business, we identify the marketing objectives and demand of our customers and then formulate tailor-made branding, advertising or event execution proposals for them. In the event that we are engaged in providing branding services to prepare a comprehensive branding services proposal for our customers, we will generally collaborate with various renowned research institutes, including, among others, a renowned university with market research expertise in Central China, in conducting market research. In respect of our advertising services and event execution and production services, after receiving confirmations from our customers on the advertising and/or event execution proposals, we assist our customers to execute such proposals by acquiring the relevant advertising resources from different media platforms and/or engaging independent third-party suppliers in implementing the marketing campaigns. After the advertising proposals or the marketing events have been executed, we will prepare and provide summary reports to our customers to summarise the implementation details and analyse the effectiveness of our advertising proposals or marketing events. For our provision of advertisement placement services, apart from providing planning of advertisement for our customers, we will provide video content production services to our customers based on the request of our customers, operate the accounts of the customers on the advertising platform and place advertisements on the online media platforms of the Media Partner.

OUR PRINCIPAL BUSINESS

During the Track Record Period, we provided the following types of services to our customers: (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services; and (v) provision of advertisement placement services. The following table sets forth the breakdown of our revenue by service type during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue	Revenue	Approximate % to total revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Branding services	61,255	59.2	74,926	47.5	90,502	43.7	27,596	45.5	28,712	38.3
Traditional offline media advertising services	8,466	8.2	4,083	2.6	2,204	1.1	876	1.4	–	–
Online media advertising services	18,465	17.9	46,196	29.3	48,145	23.2	21,751	35.9	12,027	16.0
Event execution and production services	15,258	14.7	32,432	20.6	41,380	20.0	10,440	17.2	15,613	20.8
Provision of advertisement placement services*(Note 1)*	–	–	–	–	16,515	8.0	–	–	13,563	18.1
Rebates from Media Partner*(Note 1)*	–	–	–	–	8,421	4.0	–	–	5,099	6.8
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100**	**75,014**	**100**

Note:

1. The revenue from provision of advertisement placement services and rebates from Media Partner were generated from the Media Partner or its online media platforms. For our other business segments, namely branding services, traditional offline media advertising services, online media advertising services and event execution and production services, we did not generate any revenue or rebates from the Media Partner or its online media platforms during the Track Record Period.

Branding services

We provide branding services to our customers where we will conduct market research and formulate comprehensive and customised branding services proposals for our customers covering various areas, including corporate brand building, products and/or services positioning, and marketing and sales strategies. For FY2020, FY2021, FY2022 and 4M2023, we generated revenue of approximately RMB61.3 million, RMB74.9 million, RMB90.5 million and RMB28.7 million, representing approximately 59.2%, 47.5%, 43.7% and 38.3% of our revenue, respectively, from our branding services.

We aim to provide comprehensive branding services to our customers, which generally include the following services:

		Particulars of the services provided
1.	*Study and analysis on the brand of the customers*	*Provided by research institutes:* • Market research on the industry in which the customers operate • Scientific analysis to identify latest market trends and potential demands from customers across different industries • Research on operations and strategies of the competitors and consumers' behaviour and spending pattern *Provided by our internal project team:* • Review of market and industry data prepared by the research institutes • Conduct interviews with the management and employees and site visits of the customers to understand the operations of the customers • Analysis on the major issues in relation to the brand promotion and development of the customers
2.	*Design and planning of the brand development strategies*	Providing advice on brand positioning, identification of the core values of the brand and analysis and positioning of the target markets and target customers group
3.	*Design of the brand image*	Providing advice on the design of the brand logo, slogan and brand promotional videos
4.	*Formulation of products and/or services marketing and brand promotion plans*	*With regards to products and/or services marketing plans:* Providing advice on the design and image of the products, identification of the key strengths and selling points of the products and/or services and formulation of the marketing strategies of the key products and/or services

With regards to brand promotion plans:

Design of the brand promotion theme and planning of the annual brand promotion activities, providing advice on the selection of the advertising platforms for brand promotion and placement of advertisements and design of the promotional theme and strategies for new brands or products

In providing branding services, we will form an internal project team for each project, and conduct interviews with the directors and senior management of the customers and conduct site visits at their place of business, such as production site and retail outlets, to understand their business operations, existing marketing positioning and marketing objectives. We will conduct research on the Internet to collect and analyse information of the market and industry in which the customers operate, such as the relevant market size and competitive landscape, relevant policies affecting the industry and the general market trend. We will also collaborate with the research institutes to conduct interviews with consumers to understand their consumption pattern and preference. Our internal project team will consolidate the information obtained and conduct internal meetings to discuss the branding, advertising and marketing strategies and formulate the draft branding services proposals with reference to the marketing objectives of our customers. We will then discuss the draft branding services proposals with the customers, and fine-tune our draft proposals according to the customers' feedback before submitting the final proposal to the customers.

In providing branding services, we are engaged to devise comprehensive and customised branding services proposals for our customers. During the preparation of such proposals, we need to have a thorough understanding of the industry and market environment of the business in which our customers operate, and support our branding services proposals with analysis on, among others, industry data, competitive environment and industry development trend to ensure that the proposals can fulfil the marketing objectives of the customers, and enhance the credibility of our proposals. Owing to the various industries engaged by our customers which request tailored services, we will generally engage research institutes which possess a team of researchers with market research expertise in a wide range of industries, which include, among others, a renowned university with market research expertise in Central China, to conduct research on market and industry data for our branding services projects. For FY2020, FY2021, FY2022 and 4M2023, we completed 63, 61, 81 and 9 branding services projects, respectively, and all of those projects required market research provided by third party research institutes. We will generally enter into a separate market research agreement with the relevant research institute for each project to set out the research objectives and tasks to be performed by the research institute. The research institute will assist to conduct research on the market and industry in which the customers operate, including the latest development and trends of the industry, the opportunities and challenges facing the industry, the nature of the target customers, customers' consumption behaviour and preference, and an analysis on the competitive environment, such as the major competitors and the nature of competition in the market. The findings from the research institutes will further improve the comprehensiveness and credibility of the branding services proposals prepared by us. For details of our cooperation with the aforesaid university, please refer to the paragraph headed "Collaboration with research institutes" in this section.

As part of our deliverables, we prepare and provide our customers with market research analysis, brand positioning and marketing proposals, ideas for the design of the promotional materials of the corporate brand and products, and sales and marketing strategies etc. In addition to preparing the relevant proposals and materials, we also assist our customers in executing the proposal throughout the terms of our engagement. For example, we will (i) present our market research findings and brand promotion proposals to the management of our customers; and (ii) hold evaluation meetings with the management of our customers periodically and revisit if any changes to the proposals are required.

The target customers of our branding services are primarily small-to-medium-sized private companies from different industries which have limited internal marketing capacity in conducting market research or formulating the overall marketing and advertising strategies. After receiving the branding service proposals prepared by us, our customers may further engage us to execute our proposals on project basis as separate engagements for our offline and online advertising services and/or event execution and production services (the "**Follow-up Engagements**"). Please refer to the below table for the number and revenue of customers of our branding services who also engage us for the Follow-up Engagements:

	FY2020	**FY2021**	**FY2022**	**4M2022** *(unaudited)*	**4M2023**
Number of customers of branding services*(Note)*	17	39	52	28	28
Number of customers of Follow-up Engagements	14	24	31	16	7
Percentage of branding services customers who also engage us for the Follow-up Engagements (%)	82.4	61.5	59.6	57.1	25.0
Revenue from the Follow-up Engagements (RMB'000)	**30,235**	**43,409**	**62,567**	**21,339**	**15,867**
• Branding services	–	–	–	–	–
• Traditional offline media advertising services	4,357	1,902	1,366	625	–
• Online media advertising services	12,199	22,335	23,237	11,654	1,847
• Event execution and production services	13,679	19,172	37,964	9,060	14,020

	FY2020	FY2021	FY2022	4M2022 *(unaudited)*	4M2023
Percentage of revenue from the Follow-up Engagements to the total revenue (%)	**29.2**	**27.6**	**30.2**	**35.2**	**21.2**
• Branding services	–	–	–	–	–
• Traditional offline media advertising services	4.2	1.2	0.7	1.0	–
• Online media advertising services	11.8	14.2	11.2	19.3	2.5
• Event execution and production services	13.2	12.2	18.3	14.9	18.7
Revenue from the standalone engagements (RMB'000)	**73,209**	**114,228**	**144,600**	**39,324**	**59,147**
• Branding services	61,255	74,926	90,502	27,596	28,712
• Traditional offline media advertising services	4,109	2,181	838	251	–
• Online media advertising services	6,266	23,861	24,908	10,097	10,180
• Event execution and production services	1,579	13,260	3,416	1,380	1,593
• Provision of advertisement placement services (including rebates from Media Partner)	–	–	24,936	–	18,662
Percentage of revenue from the standalone engagements to the total revenue (%)	**70.8**	**72.4**	**69.8**	**64.8**	**78.8**
• Branding services	59.2	47.5	43.7	45.5	38.3
• Traditional offline media advertising services	4.0	1.4	0.4	0.4	–
• Online media advertising services	6.1	15.1	12.0	16.6	13.5
• Event execution and production services	1.5	8.4	1.7	2.3	2.1
• Provision of advertisement placement services (including rebates from Media Partner)	–	–	12.0	–	24.9

Note: the number of customers represents the number of customers with revenue recognition in the relevant year or period.

The percentage of branding services customers that engaged the Group for Follow-up Engagements decreased from approximately 82.4% for FY2020 to approximately 61.5% and 59.6% for FY2021 and FY2022, respectively. Our customers generally only engage us for Follow-up Engagements after the completion of the relevant branding services projects. The aforesaid decreasing trend was mainly due to the decrease in the percentage of branding services projects that were completed by our Group by each year end during the Track Record Period. Among the branding services projects that were engaged by our Group during FY2020 and FY2021, approximately 95.5% and 80.3% of the branding services projects were completed in the same year in FY2020 and FY2021, respectively. As such, the majority of the branding services projects that were engaged by our Group in FY2020 were completed before the year end in FY2020. However, for FY2021, a number of branding services projects commenced in the third or fourth quarter of FY2021 were only completed in FY2022. Among the 73 branding services projects secured by our Group for FY2021, 40 projects were commenced in the third or fourth quarter of 2021. The Follow-up Engagements from those branding services projects, if any, only started in FY2022, and such Follow-up Engagements in FY2022 were not counted in the calculation of number of customers for Follow-up Engagements in FY2021. Among the 73 branding services projects secured by our Group for FY2022, 30 projects, representing approximately 41.1% of the branding services projects secured by us during FY2022, were either not yet completed as of the end of FY2022 or they were only completed in the fourth quarter of FY2022. The Follow-up Engagements from those branding services projects, if any, only started in the year ending 31 December 2023, and such Follow-up Engagements in 2023 were not counted in the calculation of number of customers for Follow-up Engagements in FY2022. Therefore, there was a decrease in the percentage of branding services customers who also engaged us for the Follow-up Engagements in FY2022.

The decrease in the percentage of branding services customers that engaged the Group for Follow-up Engagements from approximately 57.1% for 4M2022 to approximately 25.0% for 4M2023 was mainly due to the decrease in number of branding services projects completed during the period. Among the 73 branding services projects secured by our Group in FY2021, 18 projects were completed in 4M2022. In contrast, among the 73 branding services projects secured by our Group in FY2022, only 9 projects were completed in 4M2023, which in turn led to a decrease in the number of Follow-up Engagements for 4M2023.

The revenue from the Follow-up Engagements increased from approximately RMB30.2 million in FY2020 to approximately RMB43.4 million in FY2021 and increased to approximately RMB62.6 million for FY2022, which was mainly due to the following factors:

(1). the increase in the number of customers of branding services from 17 for FY2020 to 39 for FY2021 and to 52 for FY2022, which led to the general increase in the number of Follow-up Engagements for FY2021 and FY2022;

(2). the increase in revenue contribution from the Follow-up Engagements on online media advertising services projects in FY2021 and FY2022 as compared with that in FY2020 and FY2021, respectively, as we continued our strategy of focusing on online media advertising services and allocating more resources from traditional offline media advertising services to online media advertising services in view of the increasing popularity of online media. In particular, in FY2021, we recorded revenue from Follow-up Engagements on online media advertising services from 10 customers as compared with 6 customers in FY2020, while we recorded revenue from Follow-up Engagements on online media advertising services from 14 customers in FY2022 as compared with 10 customers in FY2021; and

(3). the increase in revenue contribution from the Follow-up Engagements on event execution and production services projects in FY2021 and FY2022 as compared with that in FY2020 and FY2021, respectively, mainly due to emergence of the integration of new media which covered scene activities, online media and other marketing methods, and the rapid growth of event execution and production service market in the PRC. For details, please refer to paragraph headed "Financial Information – Description of selected items in consolidated statements of profit or loss and other comprehensive income – Revenue – Breakdown of revenue by service type" in this document.

The revenue from the Follow-up Engagements decreased from approximately RMB21.3 million for 4M2022 to approximately RMB15.9 million for 4M2023, which was mainly attributable to the decrease in the number of Follow-up Engagements for 4M2023 as discussed above.

After the general stabilisation of COVID-19 in the second half of 2020, we resumed our marketing activities to explore new customers. Due to our marketing efforts, the total number of new customers increased from 16 for FY2020 to 55 for FY2021, which led to the increase in the revenue from standalone engagements by approximately 56.0% from approximately RMB73.2 million for FY2020 to approximately RMB114.2 million for FY2021. Taking into account the effect of the simultaneous increase in the revenue from Follow-up Engagements for FY2021, there was only a slight increase in the percentage of revenue from the standalone engagements to our total revenue from approximately 70.8% for FY2020 to approximately 72.4% for FY2021.

Our revenue from standalone engagements for branding services increased from approximately RMB61.3 million for FY2020 to approximately RMB74.9 million for FY2021, and further increased to approximately RMB90.5 million in FY2022, which was mainly attributable to (i) the growing demand for our branding services following the COVID-19 Outbreak; and (ii) revenue contribution from recurring customers. According to Frost & Sullivan, more small and medium enterprises gradually began to focus on strengthening and rebuilding own brand competitiveness to enhance their customer loyalty. Meanwhile, according to Frost & Sullivan, more consumers become aware of brands, products and design, so the brand owners frequently reassess whether their brands and products can meet the market needs and obtain latest market data. Thus, the renewal of branding projects also contributed to further growth of market demand in 2021 and 2022.

Our revenue from standalone engagements for branding services increased from approximately RMB27.6 million for 4M2022 to approximately RMB28.7 million for 4M2023, which was mainly attributable to the increase in average revenue per project from approximately RMB627,000 for 4M2022 to approximately RMB870,000 for 4M2023 as a result of the engagement of 7 branding services projects with a contract sum of over RMB3 million from recurring customers as they recognised our branding services which can enhance their brands and increase their competitiveness.

Our revenue from standalone engagements for online media advertising services increased from approximately RMB6.3 million for FY2020 to approximately RMB23.9 million for FY2021, and further increased to approximately RMB24.9 million in FY2022, which was mainly attributable to the increase in the number of standalone engagements for online media advertising services for FY2021 and FY2022 in view of (i) market recovery after the COVID-19 Outbreak; (ii) the general increase in demand from advertisers for online media advertising; and (iii) our Group's continued strategic shift to focus on this segment. Our revenue from standalone engagements for online media advertising services remained stable at approximately RMB10.1 million and approximately RMB10.2 million for 4M2022 and 4M2023, respectively.

Our revenue from standalone engagements for event execution and production services increased from approximately RMB1.6 million for FY2020 to approximately RMB13.3 million for FY2021, which was mainly attributable to the general restriction of such services during the COVID-19 Outbreak in the first half of 2020, and the general increase in the demand for such services and the size of contracts after the effective control of COVID-19 in the second half of 2020 and the continuance of such trend in FY2021.

Our revenue from standalone engagements for event execution and production services decreased from approximately RMB13.3 million for FY2021 to approximately RMB3.4 million for FY2022 mainly due to the decrease in the number of standalone engagements for event execution and productions services undertaken during FY2022. Our revenue from standalone engagements for event execution and production services remained stable at approximately RMB1.4 million and approximately RMB1.6 million for 4M2022 and 4M2023, respectively.

Our percentage of revenue from the Follow-up Engagements to the total revenue and the percentage of revenue from standalone engagements to the total revenue remained relatively stable for FY2020, FY2021 and FY2022.

Our percentage of revenue from the standalone engagements to the total revenue increased from approximately 64.8% for 4M2022 to 78.8% for 4M2023, which was mainly attributable to the revenue of approximately RMB18.7 million generated from the provision of advertisement placement services (including rebates from Media Partner) in 4M2023, and the absence of such revenue in 4M2022.

Traditional offline media advertising services

We provide advertising services to our customers on offline media. The major offline media advertising spaces we offered are (i) TV advertising space; (ii) radio advertising space; and (iii) outdoor advertising space. Our services cover most of the key stages in placing advertisement, including identifying the appropriate media mix, preparing the advertising proposal, procurement of advertising resources, arranging and supervising the placement of advertisements and evaluation of the advertisements' effectiveness.

In preparing the advertising proposal for the customers, we will collect and review the broadcasting information of different TV or radio station operators (such as the key programmes and number of viewers/audience in different timeslots, etc.) from the TV or radio station operators or through the online researches conducted by our team. Based on our understanding of the needs and the type of products and/or services of our customers, we would liaise with the TV or radio station operators for the available time slots, fees and advertising resources, and consolidate an advertising proposal for our customers' consideration. The advertising proposal will set out, among others, the background and strengths of various TV or radio station operators, the key programmes of the TV or radio operators and their target viewers/audience and number of viewers/audience, etc. After receiving our customers' confirmation for the advertising proposal, we would sign contracts with our customers which set out, among others, the advertising platform, the broadcasting duration of the advertisements and the responsibilities of the parties for the preparation of the contents of the advertisements. We would then liaise with the relevant TV or radio station operators and assist our customers to place the advertisements and deliver to the TV or radio station operators the content and specification of the advertisement for broadcast. In general, the contents of the advertisements are provided by our customers. Upon request by our customers, we may assist in editing and/or retouching the advertisement videos.

After the end of the broadcasting period of the advertisements, the relevant TV or radio station operators would issue a broadcasting supervision certificate (監播證明) to confirm to us that the advertisements had been broadcasted in accordance with the requirements set out in the advertising agreement. We will prepare a summary report to summarise the implementation details of the advertisements (including the date, time and duration of the broadcast of the advertisements) and analyse the effectiveness of the broadcast of the advertisements to assist the customers in formulating future advertising strategies. In preparing the summary report, we will collect the broadcasting data of the advertisements from the relevant TV or radio stations and set out various data for customers to evaluate the effectiveness of the advertisement placements, such as the number of times of broadcast, percentage of viewership, cost per rating point (i.e. the cost of delivering the advertising message to 1% of the target recipients), and cost-per-mille (i.e. the cost for every thousand impressions an advertisement generates), etc.

During the Track Record Period, the customers of our traditional offline media advertising services come from a wide spectrum of industries, including beverages, automobile manufacturing, household essentials manufacturing, tourism, metal manufacturing, advertising and agricultural and related food processing. For FY2020, FY2021 and FY2022, we generated revenue of approximately RMB8.5 million, RMB4.1 million and RMB2.2 million, representing approximately 8.2%, 2.6% and 1.1% of our total revenue, respectively, from traditional offline media advertising services. We did not generate any revenue from traditional offline media advertising services in 4M2023.

TV advertising

During the Track Record Period, we provided hard-sell TV advertising services to our customers.

According to Frost & Sullivan, hard-sell TV advertising refers to an advertising approach which is especially direct and uses attractive language, and is focused on attracting a consumer to purchase the advertised products or services. Hard-sell TV advertising services provided by us include placement of traditional advertisements during TV advertising time slots.

Placement of traditional advertisements during TV advertising time slots is a kind of hard-sell TV advertising. We assist customers to place their advertisements during advertising time slots of TV channels. We consolidate the advertising time slots available from different TV station operators. As such, our customers are able to access advertising resources from more TV station operators and channels in an effective way.

During the Track Record Period, we assisted our customers in placing advertisements at various national and provincial TV station operators in the PRC, including the radio and television stations in Hunan, Hubei, Fujian and Zhejiang Provinces. We are also authorised by the national television operator and the television operator of Hubei Province in selling their TV advertising resources as agent.

Set out below are samples of our hard-sell TV advertising projects during the Track Record Period:

Radio advertising

During the Track Record Period, we also assisted our customers to place their advertisements during the advertising timeslots of the radio channels or during the radio programmes. We consolidate the advertising time slots available from different radio station operators, and set out the background and strengths of various radio channels (such as the key radio programmes, their target audience and number of audience, etc.) for the customers' consideration. The types of radio advertising provided by us mainly include (i) broadcasting the promotional recordings or slogans of the customers during the advertising timeslots of the radio channels; and (ii) announcing the products or service-related verbal slogans by the hosts or guests during the radio programmes.

Outdoor advertising

During the Track Record Period, we assisted our customers to identify and place advertisements on various outdoor platforms, such as LED screens on shopping malls, commercial buildings and subways, billboards, advertising spaces at bus stop and public transport hubs.

Similar to TV advertising, we would prepare an advertising proposal based on our understanding of the needs and the type of products and/or services of our customers. After receiving our customers' confirmation for the advertising proposal, we would sign contracts with our customers and liaise with the relevant advertising resources providers to place advertisements on the advertising platforms for our customers. In general, the design and layouts of the advertisements are provided by our customers. Following the publication of the advertisements, we will conduct random inspection at the locations where the outdoor advertisements are displayed to ensure that the display is consistent with the customer's advertising plans. After the end of the advertising period, we will prepare a summary report to summarise the implementation details of the advertisement placements (including the date, time and duration of the publication of the advertisements) and provide photos of the outdoor advertisement placements for customers to review the results of the advertisement placements.

Set out below are samples of our outdoor advertising projects during the Track Record Period:

Online media advertising services

According to Frost & Sullivan, China's online advertising market in terms of advertisers' expenditure increased from approximately RMB351.8 billion in 2017 to RMB766.2 billion in 2022, representing a CAGR of approximately 16.8%. The market size is expected to grow further at a CAGR of approximately 8.9% to approximately RMB1,227.4 billion in 2027. Given the increasing popularity and the larger audience base of online advertising, we have begun providing online media advertising services to our customers in 2018 and generated revenue of approximately RMB18.5 million, RMB46.2 million, RMB48.1 million and RMB12.0 million for FY2020, FY2021, FY2022 and 4M2023, respectively, representing approximately 17.9%, 29.3%, 23.2% and 16.0% of our total revenue, respectively, from such services. According to Frost & Sullivan, as online media advertising services have gained more market recognition in the PRC during 2020 and the COVID-19 Outbreak has limited impact on online media advertising, customers, especially private entities, tend to increase their budget for online media advertising service in FY2020. Live streaming and e-commerce have become popular and these two businesses have been experiencing a rapid development since 2020. Advertisers were more inclined to conduct advertising and marketing through online platforms with large amounts of user traffic, thus further promoting the development of the online media advertising market. We recorded an increase in revenue from online media advertising services in FY2020, FY2021 and FY2022. Further, according to Frost & Sullivan, the expenditure of advertisers in online media advertising service market in China increased from RMB449.6 billion in 2018 to RMB766.2 billion in 2022, with the proportion in total expenditure of advertisers in advertising market in China increasing from 62.4% to 73.5% during the same period. As a result of the change in market trend and customer preference towards online media advertising platforms, our revenue generated from traditional offline media advertising services and online media advertising services saw reversing trend during the Track Record Period. In view of the expected growth of the online advertising market according to Frost & Sullivan and the increasing demand from our customers, our Directors believe that there will be considerable business opportunities generated from our online advertising and applications services in the future. Furthermore, our Directors believe that our ability to offer a wide array of advertising resources in different media formats will give us a competitive edge against our competitors in achieving the marketing objectives of our customers.

We provide intermediary services to assist our customers to identify and select the relevant online advertising resources suppliers so that the advertisements of our customers could be placed on a wide variety of online platforms such as websites, search engines, applications and social media platforms. We offer customers suggestions on the forms of online advertisements and the types of online platforms after analysing the preference and behaviour of internet users, characteristics and effectiveness of various online platforms.

The following is a description of some of the online media platforms on which we placed online advertisements for our customers:

(i). a popular Chinese search engine in the PRC which enables users to conduct searches over a variety of subjects, such as images, videos, news, maps, blogs, etc.;

(ii). a popular social media and e-commerce platform which allows users to post, discover and share, among others, products reviews, beauty and health information and contents regarding tourism and leisure destinations, etc. It also operates an e-commerce platform which sells international products to Chinese users; and

(iii). an online platform which offers online streaming of various shows, movies and television programmes.

The two major forms of online media advertising spaces we offered were (i) display advertising where promotional messages would appear on websites, applications or social media platforms through banners or other advertisement formats made of text, images, flash and video; and (ii) search engine advertising where name, brand and/or products of the advertisers will appear on the website's search results when the consumers have entered the relevant keywords.

During the Track Record Period, the online media advertisements placed by our customers were generally displayed in the form of videos, banners, advertorial, newsfeeds and graphics which are generally provided by our customers. Video advertisements generally last for 15 seconds; whilst banners, advertorial, newsfeeds, graphics and text chain messages are displayed for a fixed period depending on the budget and marketing objectives of our customers.

We will prepare an advertising proposal based on our understanding of the needs and the type of products and/or services of our customers. After receiving our customers' confirmation for the advertising proposal, we would sign contracts with our customers and liaise with the relevant advertising resources providers, such as operators of social media platform and advertising agents to place advertisements on the relevant online media platforms for our customers. Content of the online advertisements are typically provided by our customers. After the end of the advertising period, we will prepare a summary report for our customers, summarising the implementation details and analysing the effectiveness of the advertisements placements. In preparing the summary report, we will collect the publication data of the online advertisements from the relevant online media platform and set out various data for customers to evaluate the effectiveness of the online advertisement placements, such as the number of times of impressions, number of clicks, click-through rate, cost-per-mille (i.e. the cost for every thousand impressions an advertisement generates) and number of times of sharing and comments of the advertisements by the viewers, etc.

Although we have only started providing online media advertising services since 2018, leveraging upon our existing business network and experience in the advertising industry, we were able to secure placement of advertisements from our customers and online media advertising spaces from our suppliers. For example, most of our customers for online media advertising services have also engaged us for other branding and/or advertising services before. During the Track Record Period, we have assisted our customers in placing online advertisements for various well-known social media platforms, whether placed directly with the online platforms operators or through advertising agents. However, our online media advertising business may be subject to the risk of disintermediation. For details, please refer to the paragraph headed "Risk Factors – Our online media advertising and provision of advertisement placement services business may be subject to the risk of disintermediation which could materially and adversely affect our financial condition and operating result" in this document. Our Directors believe that the risk of disintermediation on our online media advertising business is low, on the basis that (i) according to Frost & Sullivan, in recent years, customers prefer relying on advertising services providers to contact advertising media or platforms as advertising services providers can get access to a variety of advertising resources and can offer effective marketing services to them; (ii) according to Frost & Sullivan, it is common that operators of online media advertising platforms generally prefer cooperating with advertising services providers as it is more effective to secure orders for online advertisement placements through advertising services providers so as to consolidate orders from advertisers or brand owners, thereby streamlining the advertisement placement process and lowering their operating costs; and (iii) we can maintain competitive advantages due to (a) our strong data analytical capabilities; (b) stable business relationships with suppliers of a wide range of online media advertising resources; (c) business relationships with customers from diverse industries; and (d) our experienced management team with in-depth industry expertise who can offer advice to customers on the advertisement placement strategies so as to maximise the effectiveness of the advertisement placement. In the future, we will continue to expand and strengthen our relationships and network with the online advertising resources suppliers or advertising agents. Our Directors believe that a more comprehensive and diverse access to different online advertising platforms will further increase our competitiveness in this business segment.

Set out below are samples of our online media advertising projects during the Track Record Period:

In FY2022 and 4M2023, we had entered into online advertisement agreements with Wuhan You Jia Ze Network Technology Company Limited (武漢優嘉澤網絡科技有限公司) and nine other advertising agents in Wuhan (collectively, the "**Ten Advertising Agents**"). Similar to other customers which engaged us for online media advertisement services, we would discuss with the Ten Advertising Agents to understand the advertising aims of their end customers, prepare the advertising proposal for consideration by the Ten Advertising Agents and liaise with the advertising resources providers to place advertisements on the relevant online media platforms for these customers.

In respect of these online media advertising services provided to the Ten Advertising Agents, pursuant to the supplier agreements entered between us and the advertising resources providers (i.e. our suppliers), if our suppliers lose the right to place advertisement on the online media platforms, they shall refund the unutilised portion of the advertising fees to our Group, and the parties' obligations under the agreement shall then cease. On the other hand, pursuant to our agreements entered between us and the Ten Advertising Agents, if we lose the right to place advertisement on the online media platforms, we shall refund the unutilized portion of the advertising fees to them, and the parties' obligations under the agreement shall then cease.

Based on the above, we have limited control over the provision of these online media advertising services. We are not required to continue providing services to the Ten Advertising Agents if we lose the right to place advertisement on the online media platforms. In addition, given that our suppliers shall refund the unutilised portion of the advertising fees to us if they lose the right to place advertisement on the online media platforms, we did not have any inventory risk in the provision of these online media advertising services. Therefore, we act as an agent in these circumstances.

In contrast, for the services offered to other customers under online media advertising services, if the advertising resources provider terminates its agreement with us and we lose the right to place advertisement on the relevant online platforms for our customers, this shall constitute a breach of the terms of our agreement with the customers. Meanwhile, if our customers subsequently cancel the orders of the advertisement, we may still need to pay to the advertising resources providers for the advertising resources. Therefore, we may need to look for another customer to use the advertising resources that we procure and so we bear the inventory risk of the advertising resources. Therefore, we act as a principal in these circumstances.

Under the above arrangement with the Ten Advertising Agents and the advertising resources provider, our Group is an agent and we recognise revenue generated from the Ten Advertising Agents on a net basis. The revenue generated from four out of the Ten Advertising Agents and nine out of the Ten Advertising Agents for FY2022 and 4M2023 amounted to approximately RMB9.1 million and RMB10.2 million, respectively. For more details of our revenue recognition policies, please refer to Appendix I – Summary of significant accounting policies – 4.8 Revenue recognition in this document.

While we were recognised as an agent in respect of the arrangements with the Ten Advertising Agents and the advertising resources provider (i.e. our suppliers) as discussed above, we add value to and generate revenue from the Ten Advertising Agents in the following manners:

- we have developed relationships with suppliers with a wide range of online media platforms and advertising resources, which enable our customers to choose various types of online media advertising resources and save their time and cost in identifying and dealing with different types of advertising resources providers to implement their online advertisement plans;

- we understand the needs and the types of products and/or services of our customers, analyse the preference and behaviour of internet users, characteristics and effectiveness of various online platforms and then offer our customers suggestions on the forms of online advertisements and the types of online media platforms;

- we liaise with the relevant advertising resources providers to place advertisements on the relevant online media platforms for our customers and monitor the execution of the advertisement placement plan; and

- after the end of the advertising period, we prepare a summary report for our customers, summarising the implementation details and setting out various data for customers to evaluate the effectiveness of the online advertisement placements, such as the number of times of impressions, number of clicks, click-through rate, cost-per-mille (i.e. the cost for every thousand impressions an advertisement generates) and number of times of sharing and comments of the advertisements by the viewers, etc., so as to enable our customers to assess the advertisement results and improve their advertisement plan in the future.

Although we provide the aforesaid value-added services to our customers, we were recognised as an agent according to the relevant accounting standards in respect of our arrangements with the Ten Advertising Agents. For details, please refer to the paragraph headed "Financial Information – Significant accounting policies and critical accounting estimates and judgements – Significant accounting policies and description of selected items in consolidated statements of profit or loss and other comprehensive income – Breakdown of revenue by service type" in this document.

Information on the Ten Advertising Agents

Name of the advertising agent	Background and principal business *(Note 1)*	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	How did our Group become acquainted with the advertising agent
Wuhan You Jia Ze Network Technology Co. Limited (武漢優嘉澤網絡科技有限公司) ("**Advertising Agent A**")	Internet and big data services, design, distribution and agency service of advertisements	A PRC limited liability company in Wuhan which has less than 50 employees	RMB1,080,000	We became acquainted with Advertising Agent A through a friend of Mr. Chen
Advertising Agent B	Design and promotion of Internet games and softwares, design, distribution and agency service of advertisements	A PRC limited liability company in Wuhan which has less than 50 employees	RMB5,000,000	We became acquainted with Advertising Agent B through the introduction by one of our suppliers
Advertising Agent C	Design of computer softwares, organisation of marketing events, design, distribution and agency service of advertisements	A PRC limited liability company in Wuhan which has less than 50 employees	RMB3,921,570	We became acquainted with Advertising Agent C through the introduction by one of our suppliers
Advertising Agent D	Design of Internet games and computer softwares, design, distribution and agency service of advertisements	A PRC limited liability company in Wuhan which has less than 50 employees	RMB3,000,000	We became acquainted with Advertising Agent D through the introduction by one of our customers for provision of advertisement placement services
Advertising Agent E *(note 2)*	Information technology development and consultation, design of Internet and computer software, design, distribution and agency service of advertisements	A PRC limited liability company in Shanghai which has less than 50 employees	RMB5,000,000	We became acquainted with Advertising Agent E to J through the client development activities and marketing efforts of our marketing personnel
Advertising Agent F *(note 2)*	Design of Internet and computer software, design, distribution and agency service of advertisements	A PRC limited liability company in Wuhan which has less than 50 employees	RMB5,000,000	

Name of the advertising agent	Background and principal business *(Note 1)*	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	How did our Group become acquainted with the advertising agent
Advertising Agent G	Design, distribution and agency service of advertisements and broadcasting television programme production	A PRC limited liability company in Hangzhou and no information on the number of employees is available from the public domain	RMB5,000,000	
Advertising Agent H	Information technology development and consultation, design, production, distribution and agency service of advertisements, organisation of conferences and events	A PRC limited liability company in Hangzhou and no information on the number of employees is available from the public domain	RMB1,000,000	
Advertising Agent I	Information technology development and consultation, design, distribution and agency service of advertisements	A PRC limited liability company in Hangzhou and no information on the number of employees is available from the public domain	RMB1,000,000	
Advertising Agent J	Information technology development and consultation, design of Internet and computer software, design, distribution and agency service of advertisements and organisation of conferences and events	A PRC limited liability company in Wuhan which has less than 50 employees	RMB500,000	

Notes:

1. The information in relation to the background and principal business, scale of operation and registered capital of the advertising agents were disclosed based on information publicly available and is for illustrative purposes only. No financial information on the advertising agents is available from the public domain.

2. Based on publicly available information, Advertising Agent F is a subsidiary of Advertising Agent E.

Gross amount of fee charged by our Group to the Ten Advertising Agents

	FY2022		4M2023	
		Approximate % of gross amount of fee from online media advertising services		**Approximate % of gross amount of fee from online media advertising services**
	RMB'000	*(%)*	*RMB'000*	*(%)*
Advertising Agent A	2,638	2.5	–	–
Advertising Agent B	3,962	3.9	60,283	64.3
Advertising Agent C	57,585	55.6	8,364	8.9
Advertising Agent D	425	0.4	1,368	1.5
Advertising Agent E	–	–	764	0.8
Advertising Agent F	–	–	28	–
Advertising Agent G	–	–	6,132	6.5
Advertising Agent H	–	–	7,128	7.6
Advertising Agent I	–	–	4,655	5.0
Advertising Agent J	–	–	3,160	3.4
Total	**64,610**	**62.4**	**91,882**	**98.0**

Net amount of fee recognised by our Group from the Ten Advertising Agents

	FY2022		4M2023	
		Approximate % of revenue from online media advertising services		**Approximate % of revenue from online media advertising services**
	RMB'000	*(%)*	*RMB'000*	*(%)*
Advertising Agent A	296	0.6	–	–
Advertising Agent B	538	1.1	6,152	51.1
Advertising Agent C	8,021	16.7	1,150	9.6
Advertising Agent D	265	0.5	367	3.1
Advertising Agent E	–	–	102	0.8
Advertising Agent F	–	–	4	–
Advertising Agent G	–	–	686	5.7
Advertising Agent H	–	–	827	6.9
Advertising Agent I	–	–	496	4.1
Advertising Agent J	–	–	405	3.4
Total	**9,120**	**18.9**	**10,189**	**84.7**

The following table illustrates the reconciliation of our gross amount of fee charged to each of the Ten Advertising Agents and our net amount of fee recognised from them on a net basis for FY2022 and 4M2023:

	FY2022 *RMB'000*										
	Advertising Agent A	**Advertising Agent B**	**Advertising Agent C**	**Advertising Agent D**	**Advertising Agent E**	**Advertising Agent F**	**Advertising Agent G**	**Advertising Agent H**	**Advertising Agent I**	**Advertising Agent J**	**Total**
Gross amount of fee charged to the advertising agent	2,638	3,962	57,585	425	–	–	–	–	–	–	64,610
Less: costs charged by advertising resources providers	(2,342)	(3,424)	(49,564)	(160)	–	–	–	–	–	–	(55,490)
Revenue (on net basis)	**296**	**538**	**8,021**	**265**	**–**	**–**	**–**	**–**	**–**	**–**	**9,120**

	4M2023 *RMB'000*										
	Advertising Agent A	**Advertising Agent B**	**Advertising Agent C**	**Advertising Agent D**	**Advertising Agent E**	**Advertising Agent F**	**Advertising Agent G**	**Advertising Agent H**	**Advertising Agent I**	**Advertising Agent J**	**Total**
Gross amount of fee charged to the advertising agent	–	60,283	8,364	1,368	764	28	6,132	7,128	4,655	3,160	91,882
Less: costs charged by advertising resources providers	–	(54,131)	(7,214)	(1,001)	(662)	(24)	(5,446)	(6,301)	(4,159)	(2,755)	(81,693)
Revenue (on net basis)	**–**	**6,152**	**1,150**	**367**	**102**	**4**	**686**	**827**	**496**	**405**	**10,189**

Provision of advertisement placement services (including rebates from Media Partner)

In view of (i) the potential opportunities brought by the growth of China's online media advertising services market; and (ii) the increasing popularity of online media among advertiser customers according to Frost & Sullivan as mentioned above, our Directors are optimistic about the demand and future development of the online media advertising services market in China. It is the intention of our Directors to continue to expand and strengthen our relationships and network with various online advertising resources suppliers so as to further expand the scope of online media advertising services and capture the increasing business opportunities of online media advertising services market in the PRC.

In January 2022, we have entered into a cooperation agreement with the Media Partner for placing advertisements on the various online media platforms operated by the Media Partner. Apart from the cooperation agreement, we were still required to obtain the agency certificate from the Media Partner before we can place advertisements on the online media platforms of the Media Partner. After signing of the cooperation agreement, we began to liaise with the Media Partner to apply for the agency certificate. We were required to provide the corporate documents and information on the financial and business conditions of our Group, such as corporate background, the size of our operation team, the business licence, list of customers, customers' background and names of existing media partners of our Group, to them for their internal review. In May 2022, we obtained the agency certificate issued by the Media Partner, and therefore we have commenced our provision of advertisement placement services since May 2022. Save for the Media Partner, there is no other advertising resources provider for our provision of advertisement placement services.

The following is a description of the major online media platforms operated by the Media Partner:

(i). an online musical and short video platform, which provides for an interface for video sharing and short video marketing recommendation. It allows users to create short videos and publish them for viewing by the public;

(ii). a personalised news and information recommendation platform, which delivers content in a variety of formats, such as texts, images, question-and-answer posts, microblogs and videos; and

(iii). an online video sharing platform which allows users to create videos for publication and sharing. It also produces its own film and television contents for sharing on the platform.

The Media Partner will charge us primarily based on a mixed basis of CPC, CPT and CPM, while we will charge our customers a fee comprising (i) the cost for placing the advertisement on the online media platforms charged by the Media Partner based on the above pricing mechanism (i.e. CPC, CPT and CPM); and (ii) our service fee for advertisement placement and other related services, which is equivalent to a certain percentage of the costs of advertisement placement on the online media platforms of the Media Partner. For details of the pricing, please refer to the paragraph headed "Pricing models" in this section. As compared with our traditional online media advertising services where we only provide intermediary services to assist our customers to identify and select the relevant online advertising resources suppliers, we had further expanded the scope of our online media advertising services by providing video content production services to our customers, operating the accounts of the customers on the advertising platform, placing advertisements on the online media platforms of the Media Partner. Depending on the needs of the advertiser customers, we also assist them to design and produce short advertisement videos for placing on the online media platforms of the Media Partner.

For FY2022 and 4M2023, we generated revenue of approximately RMB24.9 million and RMB18.7 million from provision of advertisement placement services (including rebates from Media Partner), representing approximately 12.0% and 24.9% of our revenue for FY2022 and 4M2023, respectively.

For our provision of advertisement placement services, apart from direct advertiser customers which engaged us directly for our service, we were also engaged by agencies which assist their own customers to place advertisements on various online media platforms. Those agencies sourced online advertising resources from us for their own customers as we have established cooperative relationship and connection with the Media Partner and were appointed as one of the designated agents of the Media Partner for placing advertisements on their online media platforms, and our Directors believe that those agencies therefore may not have direct access to those online advertising resources operated by the Media Partner.

The following table sets forth a breakdown of our revenue for the provision of advertisement placement services (including rebates from Media Partner) for FY2022 and 4M2023 by types of customers:

	FY2022		**4M2023**	
	Number of direct advertiser customers/ agencies	**Revenue**	**Number of direct advertiser customers/ agencies**	**Revenue**
		(RMB'000)		*(RMB'000)*
Direct advertiser customers	13	398	16	353
Agencies	74	24,538	85	18,309
Total	87	24,936	101	18,662

Business process of our provision of advertisement placement services

The following diagram illustrates the general business flow of our provision of advertisement placement services:

- ***Engagement with direct advertiser customers or agencies:*** We generally enter into framework agreements with our direct advertiser customers and agencies for a term ranging from one month to one year. We will conduct internal review of our prospective customers on their business qualifications, industry reputation, credit records and financial position to avoid our operational risks. In particular, we will conduct searches of the potential customers in the public domain, such as Internet desktop search, to understand their business operation and financial condition, and ascertain whether they and their directors or shareholders are subject to any material litigations, financial difficulties, regulatory investigations or penalties which may adversely affect their ability to fulfil the payment obligations under our agreements with them. In the future, for those recurring customers, we will also review their payment records with us in the past and check whether there was any bad debt with such customers. We will only enter into an agreement with a prospective customer which can pass our review. In the meantime, we assist our customer in submitting relevant documents, such as the business licence and the copy of the identity card of the contact person of the customer, to the Media Partner for its approval to open an account on its advertising platform. In the case of agencies, we will liaise with the relevant agencies to obtain the relevant documents from their own customers for the account registration. Such account will be subsequently used to place advertisements on the online media platforms of the Media Partner, record the costs incurred by each customer for the advertisements placement and review the advertisement performance after placement of the advertisements.

The above process on conducting background check of the potential customers, signing of framework agreement and account opening on the advertising platform generally takes three to five days to complete.

- ***Planning of advertising campaign:*** After signing the framework agreement, we will then communicate with the direct advertiser customers and agencies to conduct planning of the advertisement placement based on their marketing goals and advertising budget, help them to formulate placement parameters for the online advertisements, such as geographic regions, age, gender of the targeted viewers, timing and duration of the advertisement placements, and propose placement plan for consideration by the customers. Such placement plan may be amended from time to time after discussion with the customers, and are usually executed only after the direct advertiser customers are satisfied with the plan. In the case of agencies, we will communicate the above matters with the agencies and obtain the agencies' confirmation on the placement plan designated by their own customers.

  The above process generally takes three to five days to complete.

- ***Budget planning for the advertising campaign:*** Based on the work scope of the customers in their placement plan, their advertising budget and the expected service fee that we will receive from such placement plan, we will conduct a budget planning of the placement plan and allocate appropriate level of manpowers and resources for the implementation of the placement plan to ensure that the implementation costs will not exceed the expected revenue to be generated from the placement plan.

The above process generally takes one to two days to complete.

- ***Content creation and production:*** Pursuant to the advertisement placement plan and depending on the needs of our direct advertiser customers or agencies, we will then develop creative insights or ideas for the online short video advertisements for consideration by our customers. After confirmation of the video contents by the customers, we will obtain the content materials from the customers for video production and our in-house video production staff will further edit and customize the online short videos with special effects based on the requirements of our customers.

  The above process generally takes three to seven days to complete.

- ***Placement of online advertisements:*** We proceed to place the online advertisements on the relevant online media platforms of the Media Partner based on the placement plan as confirmed by our customers. We are required to provide deposits to the Media Partner to cover the entire expected costs for the advertisement placements on their online media platforms before the execution of the advertisement placements.

  The duration of online advertisement placement varies depending on the needs of each customer.

- ***Advertisements performance monitoring and optimization:*** Once the advertisement is displayed online, we receive a wide variety of raw data on a real-time basis, such as number of views, costs by per click or view, etc., by operating the customer's account on the Media Partner's platform. We will monitor the advertisement performance and review their marketing results on a real-time and continuing basis, and provide feedback to the customers, which may then adjust their placement plan from time to time based on the advertisement performance.

- ***Settlement:*** We issue invoice to our direct advertiser customers and agencies on a monthly basis. Payment of invoice is generally required to be made in 90 days.

Pricing models

The fees which we charge our direct advertiser customers and agencies for our provision of advertisement placement services mainly comprise (i) the cost for advertisement placement on the online media platforms charged by the Media Partner; (ii) our service fee for advertisement placement and other related services; and (iii) the rebates we offered to our customers.

(i). Advertisement cost charged by the Media Partner

After we paid the deposit for the advertisement placement cost, the Media Partner then charged us based on a mix of CPC, CPT or CPM model, and such fee will be deducted from the deposits paid by us. The CPC, namely, Cost-Per-Click mechanism is a performance-based metric and under which the Media Partner charged us when and if an internet user clicks the online advertisements we placed. The CPT refers to Cost-Per-Time mechanism, under which the Media Partner charged us for placing a piece of online advertisement for a specific period of time contractually agreed by the Media Partner and us. CPM refers to Cost-Per-Mille mechanism, under which we were charged based on one thousand impressions of the advertisement. Based on the same pricing mechanism as above, we charge our customers the costs incurred by us on a dollar-to-dollar basis for placing their advertisements on the online media platforms of the Media Partner.

(ii). Our service fee for advertisement placement and other related services

We charged our direct advertiser customers and agencies a service fee for providing advertisement planning and content production services and placing their advertisements on the online media platforms of the Media Partner. We generally charged a service fee in the range of approximately 11% to 15% of the total advertisement placement costs incurred by the relevant direct advertiser customers or agencies. Such percentage of service fee was determined mainly with reference to the service fees charged by other service providers in the market for providing similar advertisement planning, content production and placement services. We generally charge a higher percentage of service fee for those direct advertiser customers or agencies which also required us to produce the online short advertisement videos for them.

(iii). Rebates offered to customers

We from time to time grant rebates to our direct advertiser customers and agencies to incentivize and encourage them to use our provision of advertisement placement services. Such rebates are recorded as deduction of revenue.

In the meantime, the Media Partner also grants to us rebates based on our gross spending of advertisement placements on their online media platforms. After signing of the annual framework agreement, the Media Partner would also enter into a rebates agreement with us to set out the frequency and the mechanism for setting the rate of rebates to be granted by the Media Partner to our Group (the "**Rebates Agreement**"). The Rebates Agreement generally starts from 1 January and expires on 31 December of each year, which is the same as the term of the annual framework agreement. Pursuant to the Rebates Agreement, there is no requirement on the minimum spending or transaction amount of advertisement placements on their online media platforms in order for us to enjoy the rebates from the Media Partner. Under the Rebates Agreement, such rebates are generally granted to us on a quarterly basis or a monthly basis (since 1 January 2023), and either in the form of (i) reduction of the deposits for future advertisement placement costs; or (ii) cash. In the Rebates Agreement, the Media Partner would classify each advertiser customer by industry and set a certain percentage of rebates to be granted to advertiser customer from each type of industry. The rate of rebates for customers from each type of industry is solely determined by the Media Partner. Therefore, the rebates to be received by us from the Media Partner for each customer may vary depending on the industry in which they operate. We then will make reference to the percentage of rebates offered by the Media Partner in determining the percentage of rebates offered to our direct advertiser customers and agencies. The rebates granted by us to our customers are generally set as a percentage of the advertisement placement costs incurred by the relevant direct advertiser customers or agencies, and the rate of rebates granted to each of our customers is generally lower than the rate of rebates granted by the Media Partner to us. We did not undertake any loss-making projects for provision of advertisement placement services for FY2022 and 4M2023.

The percentage of rebates granted by the Media Partner to us for FY2022 and 4M2023 generally ranged from 0.5% to 8.9%. During FY2022 and 4M2023, the average rate of rebates granted by the Media Partner to our Group, which is calculated as the total amount of rebates granted by the Media Partner to our Group during the year or period divided by the advertisement placement costs incurred by our customers for advertisement placement on the online media platforms of the Media Partner (tax inclusive) during the year or period, was approximately 5.0% and 4.7%, respectively. Therefore, the amount of rebates to be earned by us is solely determined by the Media Partner with reference to the aforesaid industry classification set by them internally and was not subject to negotiation between the Media Partner and us. For FY2022 and 4M2023, the aggregate amount of rebates granted to us by the Media Partner was approximately RMB8.4 million and RMB5.1 million, respectively.

The percentage of rebates granted by us to our customers for FY2022 and 4M2023 generally ranged from approximately 1% to 5% of the amount of deposits injected into the advertising platform of the Media Partner for advertisement placement. For FY2022 and 4M2023, the aggregate amount of rebates we granted to our direct advertiser customers and agencies, which was calculated based on the amount of deposits injected into the advertising platform of the Media Partner for advertisement placement (tax inclusive), was approximately RMB4.8 million and RMB1.1 million, respectively. The aforesaid rebates granted to customers have been net off from the gross revenue generated from provision of advertisement placement services.

As advised by our PRC Legal Advisers, such rebates offered by us and the Media Partner are legal and do not violate any applicable PRC laws and regulations in all material aspects.

According to Frost & Sullivan, rebates granted by operator of online media platforms (i.e. the Media Partner) to us and granted by us to our customers are in line with the industry practice.

For FY2022 and 4M2023, we did not have any trade receivables from the provision of advertisement placement services which had been written off as uncollectible.

The costs incurred by us on provision of advertisement placement services comprised (i) the advertisement costs charged by the Media Partner and direct costs, including (ii) staff costs for operating the customers' accounts opened on the media platform of the Media Partner for advertisement placement and, if applicable, designing and producing short advertisement videos for the customers; and (iii) the depreciation expenses arising from the video-production equipment, etc. The aforesaid costs in (i), it has been netted off with the gross revenue from the provision of advertisement placement services, while the aforesaid costs in (ii) and (iii) will be recognised in our cost of services, according to relevant accounting standards.

Key terms of agreements with our direct advertiser customers and agencies

For our provision of advertisement placement services, we generally enter into framework agreements with our direct advertiser customers and agencies specifying, among others, the duration, service scope, pricing model as well as payment and settlement terms for our services. Salient terms of the framework agreement with our direct advertiser customers and agencies include:

Duration:	generally one month to one year
Service scope:	The scope of provision of advertisement placement services provided by us mainly include assisting customers to open accounts on the advertising platform of the Media Partner, formulation of advertisement placement plan, design and production of creative and video content, operation of the customers' accounts for placing the advertisements on the online media platforms and advertisement monitoring and performance improvement
Service fee:	A service fee equivalent to a fixed percentage of the total advertisement placement costs is stipulated in the individual framework agreement in respect of each direct advertiser customer and agency. Please refer to the paragraph headed "Pricing models – (ii) Our service fee for advertisement placement and other related services" in this section for details
Allocation of liability for marketing content:	Our direct advertiser customers and agencies are liable for any penalties imposed by regulatory authorities or the relevant online media platforms and any third-party claims in connection with illegal or inappropriate marketing content and shall indemnify us against any claims and losses which may arise from illegal or inappropriate marketing content
Payment terms:	Invoices will be issued to direct advertiser customers and agencies monthly, which shall be settled generally within 90 days
Termination:	The framework agreement may be terminated (i) during the term by either party by giving 30 days' prior written notice; (ii) in the event of a force majeure; and (iii) at the sole discretion of our Group if the direct advertising customer or agencies fail to settle our fees within a prescribed time period

Key terms of agreement with the Media Partner

We enter into annual framework agreement with the Media Partner. Salient terms of the framework agreement with the Media Partner include:

Duration:	One year
Service scope:	The Media Partner grants us with the right to place online advertisements on their various online media platforms
Pricing:	We generally pay the advertisement placement costs on CPC, CPT or CPM basis
Content review:	We undertake to ensure that the advertising content we place on the Media Partner's online media platforms is not false, fraudulent or misleading, does not violate any applicable laws and regulations, and does not infringe any third party's rights. The Media Partner shall be entitled to review the contents of the online advertisements and marketing creatives submitted by us and to be placed on their online media platforms for regulatory compliance purposes
Payment terms:	We are generally required to provide deposits to the Media Partner to cover the entire expected advertisement placement costs before we can execute the advertisement placement on their online media platforms
Termination:	The annual framework agreement may be terminated (i) during the term upon mutual consent of both parties; (ii) in the event of a force majeure; and (iii) at the discretion of the Media Partner if we fail to remedy any illegal or inappropriate advertising content after being notified by the Media Partner

The advertisements that we place on the online media platforms operated by different advertising resources providers shall not contain any computer virus or malicious software, and shall also comply with all applicable laws and regulations in the PRC. In particular, "The Advertising Law of the PRC (中華人民共和國廣告法)" (the "**Advertising Law**") imposes, among others, the following restrictions on the contents of the advertisements:

(i). the advertisements shall not contain any reference to the national flag and emblem of the PRC or names of government bodies and officials;

(ii). the advertisements shall not contain any pornographic, gambling, horror or violent contents or contents which involve sexual, racial or religious discriminations;

(iii). no advertising is allowed for special purpose drugs such as anesthetics, psychotropic drugs, toxic drugs and radioactive drugs. Advertisements for other medicines or medical devices shall not contain any reference to success or curative rate of the medicines or medical devices, or comparisons with other medicines or medical apparatuses in terms of efficacy or safety;

(iv). no advertisement is allowed for promotion of tobacco;

(v). advertisements for healthcare products shall not contain any contents relating to prevention or curing of diseases, assurances on the efficiency or safety of the products or comparisons with other medicines or healthcare products; and

(vi). the advertisements shall not contain any content that denigrates the commodities or services of other producers or operators.

Our annual framework agreement with the Media Partner generally starts from 1 January and expires on 31 December of each year. We generally approach the Media Partner prior to the expiry of the annual framework agreement for the renewal of our cooperation with the Media Partner in the next year. To the best of our Directors' knowledge, in deciding whether to renew the annual framework agreement and agency certificate with us, the Media Partner will consider, among others, the business and financial conditions of our Group, our transaction amount on advertisement placements in the past and the past performance of obligations of our Group under the framework agreement, such as whether there is any history of breach of contractual terms by us in the past. We have successfully renewed our annual framework agreement with the Media Partner on similar key terms and conditions and our agency certificate for the period from 1 January 2023 to 31 December 2023. Since our cooperation with the Media Partner in 2022 and up to the Latest Practicable Date, there had been no material service interruptions or disputes between the Media Partner and us.

Generally, the annual framework agreement for a coming year is signed at the end of this year. As at the Latest Practicable Date, we have been in discussion with the Media Partner for the renewal of the annual framework agreement for the year ending 31 December 2024. Pursuant to our preliminary discussion with the Media Partner, the Media Partner has not raised any objection to the renewal of the annual framework agreement for 2024. It is expected that the annual framework agreement for 2024 will be signed around the end of December 2023, which is of similar timing as in the previous year.

Under provision of advertisement placement services, our Group is an agent and we recognise revenue on a net basis. For more details on our revenue recognition policies, please refer to the paragraph headed "Financial Information – Significant accounting policies and critical accounting estimates and judgements – Significant accounting policies and Description of selected items in consolidated statements of profit or loss and other comprehensive income – Breakdown of revenue by service type" in this document.

While we were recognised as an agent in respect of the provision of advertisement placement services, we add value to our customers and generate revenue from such services in the following manners:

- our Group is a designated agent of the Media Partner and therefore, through our relationship with the Media Partner, we can assist our customers to place their advertisements on various online media platforms operated by the Media Partner;

- we conduct planning of the advertisement placement based on the customers' marketing goals and advertising budget, help them formulate placement parameters for the online media advertisements, such as geographic regions, age, gender of the targeted viewers, timing and duration of the advertisement placements, and propose advertising placement plan for consideration by our customers;

- pursuant to the advertisement placement plan and depending on the needs of our customers, we will assist our customers to create online short videos for advertisement placements;

- we will assist our customers to open and maintain their accounts on the advertising platform of the Media Partner, inject deposits on behalf of our customers into the advertising platform of the Media Partner and then operate their accounts to place advertisements for our customers; and

- once the advertisement is displayed online, we will, through our customer's account on the Media Partner's platform, assist our customers to monitor the advertisement performance and review their marketing results on a real-time and continuing basis, such as number of views, costs by per click or view, etc., and provide feedback to our customers, so as to enable our customers to adjust their placement plan from time to time to optimise the advertisement performance.

Although we provide the aforesaid value-added services to our customers, we acted as an agent according to the relevant accounting standards in respect of the provision of advertisement placement services. For details, please refer to the paragraph headed "Financial Information – Significant accounting policies and critical accounting estimates and judgements – Significant accounting policies and Description of selected items in consolidated statements of profit or loss and other comprehensive income – Breakdown of revenue by service type" in this document.

Background information of the Media Partner

The Media Partner, founded in 2012 and with headquarter in Beijing, is a leading Chinese internet technology company and operates various popular social media and online videos platforms in the PRC and has also expanded its online video platforms business to the United States and Europe. Based on public information, the Media Partner had a registered capital of RMB200 million and recorded revenue of over US$50 billion for 2021.

Comparison of online media advertising services and provision of advertisement placement services

In view of the increasing popularity of online media advertising among advertiser customers, it is the intention of our Directors to continue to expand the scope of our online media advertising services and capture the increasing business opportunities of online media advertising services market in the PRC. After we started our online media advertising services in 2018, we had also commenced the provision of advertisement placement services in FY2022, details of which are set out above. For online media advertising services, our services mainly include understanding the marketing needs of customers, analysing the preference and behaviour of internet users, characteristics and effectiveness of various online platforms, providing suggestions to customers on the forms of online advertisements and the types of online platforms based on their marketing needs, and liaising with online advertising resources providers for sourcing of advertising resources and execution of advertisement placements according to the instructions of the customers. For provision of advertisement placement services, our services mainly include maintaining the accounts of the customers opened at the advertising platform of the Media Partner and arranging advertisement placement on the designated online media platforms of the Media Partner according to the requests of our customers. The following table summarises the major characteristics and differences between our online media advertising services (including the services offered to online media advertising services customers in general and the Ten Advertising Agents) and provision of advertisement placement services:

	Online media advertising services		**Provision of advertisement placement services**
	Services offered to customers in general (including brand owners, advertisers and advertising agents)	*Services offered to the Ten Advertising Agents*	*(including services offered to brand owners, advertisers and advertising agents)*
Platforms for the advertisement placements	Various popular online media platforms in the PRC, such as social media and online video platforms operated by different advertising resources providers		The online media platforms operated by the Media Partner only

	Online media advertising services		Provision of advertisement placement services
	Services offered to customers in general (including brand owners, advertisers and advertising agents)	*Services offered to the Ten Advertising Agents*	*(including services offered to brand owners, advertisers and advertising agents)*
Content of service	• We will understand the marketing objectives of our customers and generally propose to our customers several online media platforms operated by different advertising resources providers for their consideration • (i) Procurement or sourcing of advertising resources from the advertising resources providers (i.e. our suppliers); (ii) following up with our suppliers for the execution and progress of advertisement placement; and (iii) preparing a summary report for our customers, summarising the implementation details and analysing the effectiveness of the advertisement placements • The content of the advertisements of our customers are mainly photos, catalogs or videos showing the products or services of the advertisers. When the target Internet users browse the relevant online media platforms, the advertisements will pop up • We are generally not responsible for the content production and our customers will prepare the advertising materials by themselves and provide the advertisements in the form of photos or videos (if any) for placement on the online media platforms		• Customers approach us for placing advertisements on the online media platforms operated by the Media Partner only. Therefore, contrary to online media advertising services, we do not have discretion in proposing to our customers alternative online media platforms operated by other advertising resources providers • (i) Discussing with our customers to understand their desired time frame and cycle for the advertisement placement and amount of advertising expenditure; (ii) opening and maintaining the account of our customers at the advertising platform of the Media Partner; (iii) injecting deposits on behalf of our customers into the accounts opened on the advertising platform of the Media Partner; (iv) design and production of short advertisement videos based on the request of our customers; (v) operating the account of our customers on the advertising platform of the Media Partner to place advertisements for them; and (vi) monitoring the effectiveness of the advertisement placement on the online media platforms of the Media Partner on a real-time and continuing basis • The content of the advertisements placed by us for our customers are mainly videos produced by us or our customers. When the target Internet users browse the relevant online media platforms operated by the Media Partner, the advertisement videos will pop up

<table>
<tr><th rowspan="2"></th><th colspan="2">Online media advertising services</th><th rowspan="2">Provision of advertisement placement services
(including services offered to brand owners, advertisers and advertising agents)</th></tr>
<tr><th>Services offered to customers in general (including brand owners, advertisers and advertising agents)</th><th>Services offered to the Ten Advertising Agents</th></tr>
<tr><td rowspan="3">Execution of the advertising proposal of the customers</td><td colspan="2">Contrary to the provision of advertisement placement services, we do not have access to the online media platforms of the advertising resources providers. Therefore, we generally pass the content of advertisements of our customers to the advertising resources providers for them to arrange publication on their online media platforms</td><td>After confirmation of the engagement with our customers, we will assist them to open an account on the advertising platform of the Media Partner. Such account will be subsequently used to directly place advertisements on the online media platforms of the Media Partner</td></tr>
<tr><td colspan="2">After receiving our customers' confirmation for the advertising proposal, we would liaise with the relevant advertising resources providers, such as operators of social media platform, to place advertisements on the relevant online media platforms for our customers. The advertising resources providers will place the advertisements of the customers on their online media platforms</td><td>Based on the placement plan as confirmed by our customers, we proceed to operate the account of the customers opened on the online media platforms of the Media Partner, then we inject deposits on behalf of our customers into the advertising platform of the Media Partner as requested by our customers and we will then place the advertisements on the relevant online media platforms of the Media Partner</td></tr>
<tr><td colspan="2">The advertisement placement contracts entered into with our customers generally set out the detailed implementation plan for the advertisement placement, including the specific online media platforms and the duration of the advertisement placement. Therefore, we will execute the advertisement placement according to the implementation plan set out in the contracts and generally do not need to seek further instruction from our customers during the advertisement placement process</td><td>Contrary to online media advertising services, the framework agreements entered into with our customers for advertisement placement services do not set out the implementation plan for the advertisement placement. We will need to seek specific instruction from our customers on the advertisement placement details, including the specific online media platforms and duration of placement, from time to time during the advertisement placement process</td></tr>
<tr><td rowspan="2">Advertisements performance monitoring and review</td><td colspan="2">As discussed above, we do not have access to the online media platforms of the advertising resources providers. Therefore, we are not able to monitor the advertisement performance and review their marketing results during the placement period of the advertisements</td><td>As discussed above, we have access to the online media platforms of the Media Partner and can operate the account of our customers opened on such platform to review the performance of the advertisement placement on a real-time and continuing basis</td></tr>
<tr><td colspan="2">Therefore, after the end of the advertising period, we will collect the publication data of the online advertisements from the relevant online media platforms and then prepare a summary report for our customers, summarising the implementation details and analysing the effectiveness of the advertisements placements</td><td>Therefore, once the advertisement is displayed online, we will monitor the advertisement performance and review their marketing results on a real-time and continuing basis on the Media Partner's online media platforms, and provide feedback to the customers. Therefore, there is no need for us to prepare any summary report at the end of the advertising period for our customers</td></tr>
</table>

	Online media advertising services		**Provision of advertisement placement services**
	Services offered to customers in general (including brand owners, advertisers and advertising agents)	*Services offered to the Ten Advertising Agents*	*(including services offered to brand owners, advertisers and advertising agents)*
Determination of the transaction amount of the advertisement placements	Our customers generally have a fixed transaction amount for each occasion of advertisement placement and such fixed amount is stipulated in our advertisement placement contract with our customers		The framework agreements entered into with our customer do not set out the fixed amount of advertisement placement fees but show a fixed percentage of the amount of deposits as our service fee. The amount of fees that we can receive depends on the amount of deposits injected into the advertising platform for advertisement placement in each occasion
Terms of the agreements with the customers and the suppliers	Based on the advertising proposal approved by the customers, we will enter into contract with advertising resources provider for provision of the related advertising resources. In the event that the advertising resources provider terminates its agreement with us and we lose the right to place advertisement on the relevant online platforms for our customers, this shall constitute a breach of the terms of our agreement with the customers On the other hand, if we secure the advertising resources from the advertising resources providers and our customers subsequently cancel the orders of the advertisement, we may still need to pay to the advertising resources providers for the advertising resources. Therefore, we bear the inventory risk of the advertising resources that we procure and we may need to look for another customer to use the advertising resources we have secured	Pursuant to the supplier agreement entered into between us and the advertising resources provider, in the event that the advertising resources provider loses the right to place advertisement on the online media platforms, the advertising resources provider shall refund the unutilised portion of the advertising fees to our Group, and the parties' obligations under the agreement shall then cease. On a back-to-back basis, pursuant to our agreement with the Ten Advertising Agents, if we lose the right to place advertisement, we shall refund the unutilised portion of the advertising fees to the Ten Advertising Agents, and the parties' obligations under the agreement shall then cease. Therefore, we do not bear the inventory risk of the advertising resources that we procure.	We are generally required to provide full deposits to the Media Partner to cover the entire expected advertisement placement costs before we can execute the advertisement placement on their online media platforms

Event execution and production services

During the Track Record Period, we also assisted our customers in formulating, organising and implementing marketing campaigns and activities to promote their brands, services and products. Our customers under this business segment are mainly from tourism, household essentials manufacturing, automobile manufacturing and beverage industries. For FY2020, FY2021, FY2022 and 4M2023, we generated revenue of approximately RMB15.3 million, RMB32.4 million, RMB41.4 million and RMB15.6 million, representing approximately 14.7%, 20.6%, 20.0% and 20.8% of our total revenue, respectively, from event execution and production services. During the Track Record Period, we completed 57, 99, 87 and 33 event execution and production services projects in FY2020, FY2021, FY2022 and 4M2023, respectively.

According to Frost & Sullivan, despite the effect of the COVID-19, the total expenditure in event execution and production service market in China in the second half of 2020 reached RMB35.6 billion, representing an increase of 7.7% compared to that in the second half of 2019 since certain private enterprises increased their budgets for event execution and production services. According to Frost & Sullivan, such increase in marketing budgets was mainly driven by (i) the customers' business plan to recover their business performance from the impact of COVID-19 in the second half of 2020; (ii) the customers' business plan to explore new methods to boost business performance as a result of the impact of COVID-19, such as the integration of new media which covered scene activities, online media and other marketing methods; and (iii) customer preference over conducting marketing strategies through event execution and production as event execution and production service is one of the effective ways to enhance brand reputation and interactions with their consumers. For FY2020, we had three large-scale event execution and production service projects, each with a contract value of over RMB1 million, with an aggregate contract value of approximately RMB5.4 million. In response to the increase in market demand for the second half of 2020, we allocated more sales and marketing resources for our event execution and production services. In particular, we had focused our effort on exploring business opportunities from existing customers which had previously engaged us for branding services projects. As a result, our revenue generated from Follow-up Engagements of event execution and production services amounted to approximately RMB13.7 million, representing approximately 89.5% of the total revenue generated from event execution and production services for FY2020.

Our revenue generated from event execution and production services increased from approximately RMB15.3 million for FY2020 to approximately RMB32.4 million for FY2021, primarily attributable to (i) the general restriction of such services during the COVID-19 Outbreak for FY2020; and (ii) emergence of the integration of new media which covered scene activities, online media and other marketing methods. According to Frost & Sullivan, in 2021, the economic activities and public transport services were generally resumed in China, and scene activities, such as cultural events, exhibitions and conferences resumed offline operations. Therefore, the rapid recovery of offline scene activities in 2021 drove the rapid growth of event execution and production service market in the PRC. Also, according to Frost & Sullivan, the integration of various new media becomes popular in recent years, the advertisers will select different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign. Our customers increased both the number and size of contracts for our event execution and production services in the second half of 2020 after the effective control of COVID-19 and such trend continued in 2021.

Our revenue generated from event execution and production services increased from approximately RMB32.4 million for FY2021 to approximately RMB41.4 million for FY2022, primarily attributable to the increase in revenue from our recurring customers and the increase in our average revenue per project as a result of the (i) post-COVID recovery of the economic activities, public transport services and scene activities in the PRC in FY2022; and (ii) increasing demand for combining different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign.

Our revenue generated from event execution and production services increased from approximately RMB10.4 million for 4M2022 to approximately RMB15.6 million for 4M2023, primarily attributable to the increase in the number of event execution and production services projects from 25 in 4M2022 to 37 in 4M2023. Our Directors believe that such increase was mainly attributable to (i) the removal of anti-epidemic measures in the PRC at the end of 2022 so that the economic activities and scene activities, such as cultural events, exhibitions and conferences were resumed to normal during 4M2023 while certain cities of the PRC were under lockdown from March 2022 to May 2022 as affected by the resurgence of the COVID-19; and (ii) the increasing demand for combining different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign.

Based on the objectives of our customers as well as the types of products or services to be marketed, we provide services covering all stages of organising marketing campaigns, including (i) formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring supply of materials and engaging third-party service providers; (iv) assisting with project management and overseeing the execution of marketing campaigns; and (v) evaluating the effectiveness of the marketing campaigns through public opinion. To ensure the quality of the campaigns, we would collaborate with and supervise independent third-party service providers to prepare and execute the event covering all material aspects, including sound and lighting adjustment, stage design, photography and video shooting, visual effect display, content write-up and material supplies on event day. We are generally more involved in the overall planning and supervision of the marketing campaigns and the communication amongst our customers and independent third-party service providers whilst the independent third-party service providers are more focused on the execution aspects of the events.

After the execution of the marketing events, we would prepare a summary report to summarise the implementation details of the marketing events and analyse the effectiveness of the marketing events. In the summary report, we would set out various data collected from various social media channels for customers to evaluate the effectiveness of the marketing events, such as number of times of viewership of the marketing event videos, number of viewers and comments made relating to the articles about the marketing event posted on the media channels and the comments made by the public on the marketing events, etc.

Below are the major steps involved in planning and organisation of a marketing campaign:

Preliminary discussions:	When our customers approach us for a marketing campaign, we will hold meetings with our customers to understand the nature of products and/or services involved, theme and timing for the event, resources and background.
Formulation of campaign strategies and proposal:	We will consult the potential third-party service providers and obtain fee quotation for the equipment and materials required for the execution of the marketing event. We will then prepare a detailed event execution proposal setting out the campaign strategies, plan, flow of event, budget, schedule and other details for our customer's review.
Further discussions with our customers and confirmation of proposal:	We will further discuss with our customers regarding their specific requirements and objectives and present our proposals to them for confirmation.
Commencement of preparation work:	Following confirmation of our proposals and entering of the service agreement with the customers, we will commence preparation work for the product and/or service marketing campaign. We will discuss and finalise with third-party service providers the specific requirements, venue decoration designs, procurement of supplies (such as catering and media), run-down, work allocations and schedule.
Implementation and execution of the event:	Our team will continuously work with our customers, liaise with other service providers and monitor the progress of the event to ensure that the event is organised in accordance with the approved proposal until completion.

Set out below are samples of our event execution and production services projects during the Track Record Period:

OUR PROJECTS

The following sets forth the breakdown of revenue and number of projects by project types during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	No. of projects *(Note)*	Revenue *(RMB'000)*	No. of projects *(Note)*	Revenue *(RMB'000)*	No. of projects *(Note)*	Revenue *(RMB'000)*	No. of projects *(Note)*	Revenue *(RMB'000)* *(unaudited)*	No. of projects *(Note)*	Revenue *(RMB'000)*
Branding services	66	61,255	76	74,926	88	90,502	44	27,596	33	28,712
Traditional offline media advertising services	21	8,466	16	4,083	10	2,204	4	876	–	–
Online media advertising services	27	18,465	72	46,196	87	48,145	40	21,751	52	12,027
Event execution and production services	58	15,258	101	32,432	93	41,380	25	10,440	37	15,613
Provision of advertisement placement services (including rebates from Media Partner)	–	–	–	–	107	24,936	–	–	101	18,662

Note: the number of projects represents the number of projects with revenue recognition in the relevant year or period.

We generally enter into contracts with our customers on a project basis for the provision of our services. The following table sets forth the movement of the number of our projects during the Track Record Period and from 1 May 2023 to the Latest Practicable Date:

	FY2020	FY2021	FY2022	4M2023	Since 1 May 2023 and up to the Latest Practicable Date
Number of ongoing projects at the beginning of the year/period	8	4	28	17	132
• Branding services	2	3	15	7	24
• Traditional offline media advertising services	1	–	2	–	–
• Online media advertising services	–	–	9	–	3
• Event execution and production services	5	1	2	6	4
• Provision of advertisement placement services (including rebates from Media Partner)	–	–	–	4	101
Add: Number of new projects awarded	164	261	357	206	231
• Branding services	64	73	73	26	20
• Traditional offline media advertising services	20	16	8	–	–
• Online media advertising services	27	72	78	52	92
• Event execution and production services	53	100	91	31	55
• Provision of advertisement placement services (including rebates from Media Partner)	–	–	107	97	64
Less: Number of projects completed	168	237	368	91	190
• Branding services	63	61	81	9	38
• Traditional offline media advertising services	21	14	10	–	–
• Online media advertising services	27	63	87	49	95
• Event execution and production services	57	99	87	33	55

	FY2020	FY2021	FY2022	4M2023	Since 1 May 2023 and up to the Latest Practicable Date
• Provision of advertisement placement services (including rebates from Media Partner)	–	–	103	–	2
Number of projects at the end of the year/period	4	28	17	132	173
• Branding services	3	15	7	24	6
• Traditional offline media advertising services	–	2	–	–	–
• Online media advertising services	–	9	–	3	–
• Event execution and production services	1	2	6	4	4
• Provision of advertisement placement services (including rebates from Media Partner)	–	–	4	101	163

The following table sets forth the rolling backlog of our projects by outstanding contract sum during the Track Record Period and from 1 May 2023 to the Latest Practicable Date:

	FY2020	FY2021	FY2022	4M2023	Since 1 May 2023 and up to the Latest Practicable Date
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(unaudited)*
Outstanding contract sum at the beginning of the year/period *(Note)*	2,288	690	14,789	3,721	19,606
• Branding services	438	482	7,794	154	14,818
• Traditional offline media advertising services	191	–	110	–	–
• Online media advertising services	–	–	6,647	–	2,496
• Event execution and production services	1,659	208	238	3,567	2,292
Add: Contract sum of new contracts *(Note)*	101,846	171,736	171,163	72,237	66,087

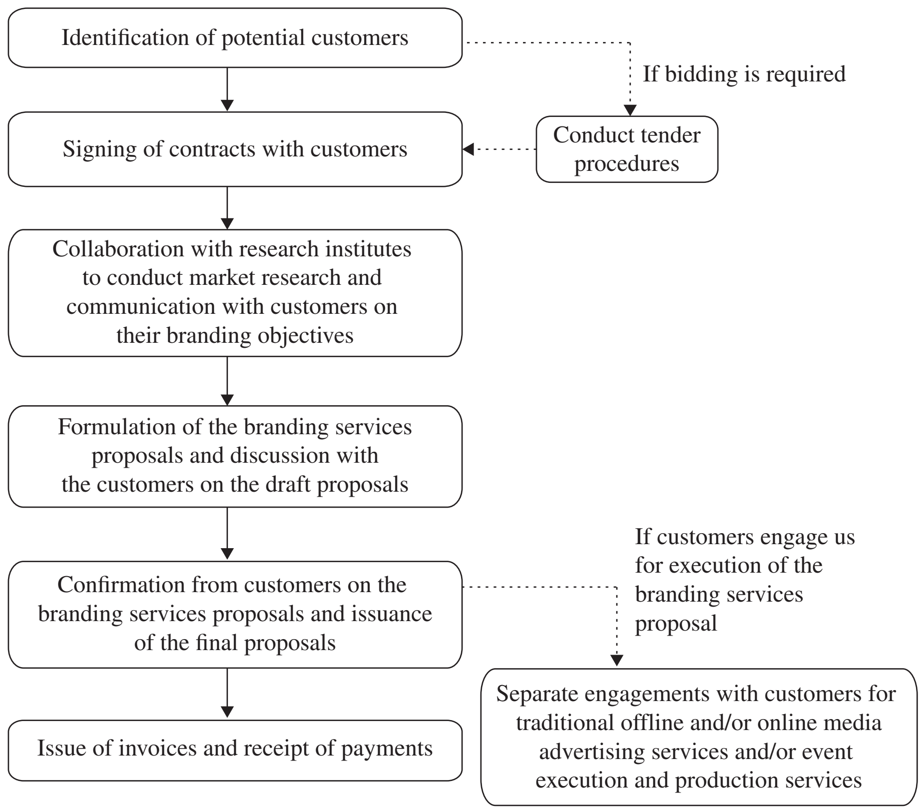
	FY2020 *(RMB'000)*	**FY2021** *(RMB'000)*	**FY2022** *(RMB'000)*	**4M2023** *(RMB'000)*	**Since 1 May 2023 and up to the Latest Practicable Date** *(RMB'000) (unaudited)*
• Branding services	61,299	82,238	82,862	43,376	34,873
• Traditional offline media advertising services	8,275	4,193	2,094	–	–
• Online media advertising services	18,465	52,843	41,498	14,523	12,362
• Event execution and production services	13,807	32,462	44,709	14,338	18,852
Less: Revenue recognised in the relevant year/period	103,444	157,637	182,231	56,352	81,215
• Branding services	61,255	74,926	90,502	28,712	46,776
• Traditional offline media advertising services	8,466	4,083	2,204	–	–
• Online media advertising services	18,465	46,196	48,145	12,027	14,858
• Event execution and production services	15,258	32,432	41,380	15,613	19,581
Outstanding contract sum at the end of the year/period *(Note)*	690	14,789	3,721	19,606	4,478
• Branding services	482	7,794	154	14,818	2,915
• Traditional offline media advertising services	–	110	–	–	–
• Online media advertising services	–	6,647	–	2,496	–
• Event execution and production services	208	238	3,567	2,292	1,563

Note: the contract sum indicated was tax exclusive. For our provision of advertisement placement services (including the rebates from the Media Partner), the contracts performed or entered into by us during FY2022 and 4M2023 were only framework agreements and therefore no contract sums were stated in the contracts.

We did not have any material loss-making projects for FY2020, FY2021, FY2022 and 4M2023 and up to the Latest Practicable Date.

OUR OPERATIONAL WORKFLOW

The following diagram describes the workflow of our branding services:



Step 1: Identification of potential customers

We generally identify potential customers through (i) reaching out to potential customers based on the results of our analysis of marketing data and referrals from our existing customers; (ii) participating in public tenders; and (iii) participating in industry exhibitions. For further details, please refer to the paragraph headed "Sales and marketing" in this section.

The above process generally requires 30 to 90 days to complete.

Step 2: Signing of contracts with customers

We will finalise our terms of contracts with the customers (including, among others, the scope of branding services, the contract period, the fees and payment schedule) and enter into contracts with them. If tender is required, we will also prepare the relevant tender documents and submit our proposals.

The above process generally requires 20 to 30 days to complete.

Step 3: Preparation and submission of branding services proposals

After signing of contracts with the customers, we will generally collaborate with research institutes to conduct market research on the industry in which the customers operate. For details, please refer to the paragraph headed "Our principal business – Branding services" and "Collaboration with research institutes" in this section. We will communicate with our customers to understand their background, expectations and marketing and branding objectives. After understanding their objectives, we will prepare preliminary proposals for our customers' consideration including, amongst others, preliminary analysis of the customers' background and the industry information, consumers' demand and behaviour, overall brand positioning and marketing strategies. We will then discuss the draft branding services proposals with the customers, and fine-tune our draft proposals according to the customers' feedback before submitting the final proposal to the customers.

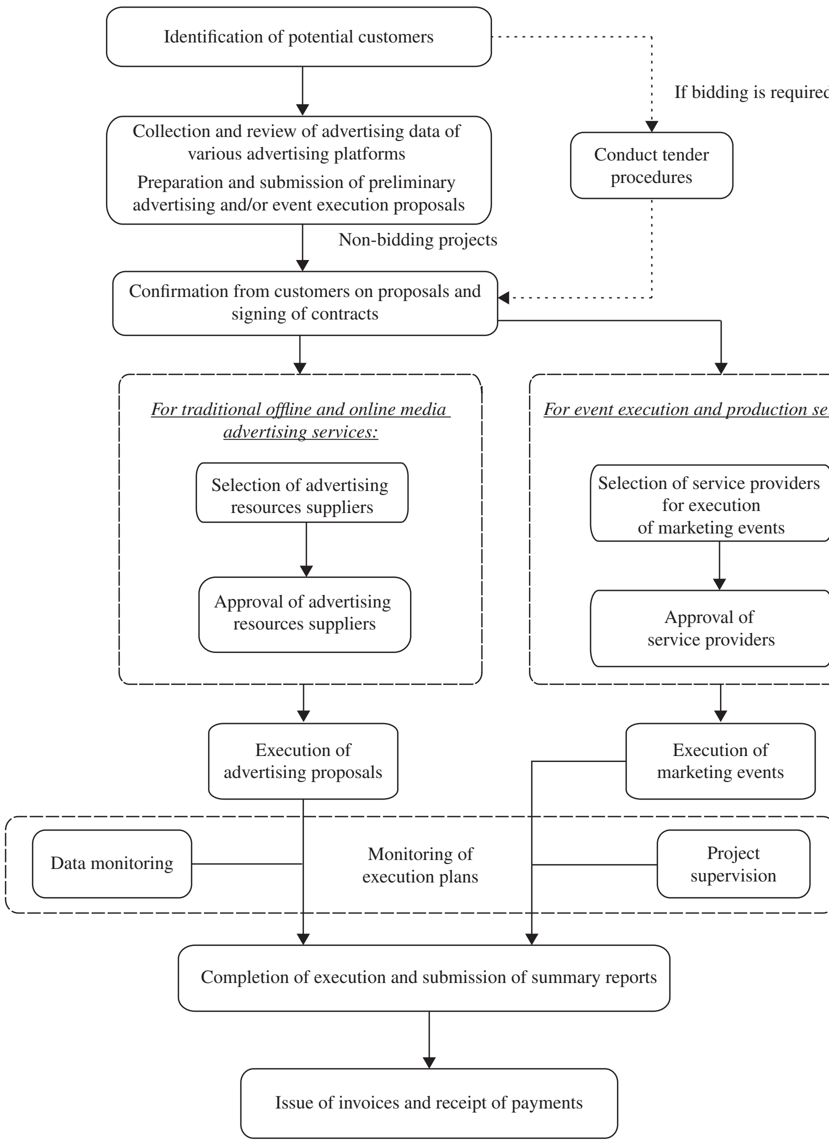
The aforesaid market research process by research institutes generally requires 60 to 80 days to complete, while the preparation of the preliminary branding services proposals and the finalisation of the proposals generally require 60 to 100 days to complete.

Step 4: Issue of invoices and receipt of payments

After receiving confirmation from our customers and issuance of the final branding services proposals, we will issue invoices to our customers for settlement. For details of the payment terms and settlement of payments, please refer to the paragraph headed "Credit policy and collection" in this section.

The above process generally requires up to 90 days to complete.

The following diagram describes the workflow of our traditional offline and online media advertising services and event execution and production services:



Step 1: Identification of potential customers

We generally identify potential customers through (i) reaching out to potential customers based on the results of our analysis of marketing data and referrals from our existing customers; (ii) participating in public tenders; and (iii) participating in industry exhibitions. We also communicate with our existing customers closely to identify their ongoing advertising needs and marketing objectives regularly. For further details, please refer to the paragraph headed "Sales and marketing" in this section.

The above process generally requires 30 to 90 days to complete.

Step 2: Preparation and submission of preliminary advertising and/or event execution proposals

After identifying an opportunity, we will communicate with our customers to understand their background, requirements and expectations. After understanding their marketing objectives, budgets and timetables, we will prepare preliminary proposals for our customers' consideration including, amongst others, (for advertising services) media mix suggestions (including the background and strengths of each media), advertising execution plans (such as the media type, advertising method, length and interval of the advertisement, etc.), and (for event execution and production services) suggestions on the themes and activities of the marketing events. If tender is required, we will also prepare the relevant tender documents and submit our proposals.

The above process generally requires 7 to 15 days to complete.

Step 3: Signing of contracts and confirmation from customers on proposals

We will finalise our terms of contracts with the customers and enter into contracts with them. After confirming the fee and availability of the relevant advertising resources and/or third-party service providers, we will finalise the proposals (setting out the fees and execution plans) for our customers' confirmation.

For traditional offline and online media advertising services, after receiving confirmation from our customers on the proposals, we will shortlist from our list of qualified advertising resources suppliers and/or third-party service providers based on customers' budgets. Then we will negotiate with the potential advertising resources suppliers and/or third-party service providers regarding the price and availability of the advertising resources as well as the related materials and services. For our event execution and production services, we will liaise with the third-party service providers on the execution of the relevant events.

The above process generally requires up to 30 days to complete.

Step 4: Selection and approval of suppliers

Based on the approved advertising or marketing events proposals, we will contact and confirm with our suppliers for provision of the related advertising resources, materials and/or services. When the terms and conditions are finalised and approved by us, we will sign contracts with our suppliers.

The above process generally requires up to 30 days to complete.

Step 5: Execution of advertising and/or event execution proposals

After entering into contracts with the relevant suppliers and/or third-party service providers, we will coordinate with them to execute the advertising and/or event execution proposals according to the execution plans, which may include, amongst others, (for advertising services) advertisement publication during the publication schedule as stated in the final proposal or contract, and (for event execution and production services) execution of the marketing campaigns and activities.

For quality control and to ensure smooth execution, we will monitor the implementation of the proposals throughout the whole process to ensure that they are properly and effectively executed. For example, we will obtain from the suppliers of advertising resources the proof of advertisements publication. We will also conduct random site visit at the location where the advertisement is displayed to ascertain that the advertisement is published in accordance with our customers' requirements.

The above process generally requires 30 to 180 days to complete for traditional offline media advertising services, 60 to 210 days for online media advertising services and 10 to 120 days for event execution and production services, depending on the duration of the publication schedules and/or execution plans as required by our customers.

Step 6: Completion of execution and submission of reports

After completion of execution, we will provide our customers with broadcasting supervision certificates (監播證明), photos and/or screen captures that show the execution of the advertisements, social marketing campaigns and/or implementation of our advertising and/or event execution proposals. We will also provide summary reports for our customers for reference. The summary reports are generally prepared by us and summarise implementation details of the advertisements or the marketing events and analyse the effectiveness of advertisements or the marketing events based on factors such as public comments, exposure rate and advertisement impression.

The above process generally requires up to 30 days to complete.

Step 7: Issue of invoices and receipt of payments

After completion of the execution and issue of the summary report, we will issue invoices to our customers for settlement. For details of the payment terms and settlement of payments, please refer to the paragraph headed "Credit policy and collection" in this section.

The above process generally requires up to 90 days to complete.

For details of the workflow of our provision of advertisement placement services, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this section.

SALES AND MARKETING

We mainly source and identify potential customers and promote our business by (i) reaching out to potential customers based on the results of our analysis of marketing data and referrals from our existing customers; (ii) participating in public tenders; and (iii) participating in industry exhibitions. Occasionally, we also promote our brand by publishing news articles relating to site visits by the government officials, our involvement in industry exhibitions and key award and recognitions we received. In particular, our sales and business operation department is mainly responsible for exploring new customers, communicating with and maintaining existing customers, gathering information of the customers and recording their needs, marketing objectives and budgets and passing such information to our management department, as well as presenting the final service proposal to our customers. As part of our client management strategy, our sales and business operation department will also assist our management department and media operation department, in communicating with our customers throughout the provision of services.

Reaching out to potential customers based on marketing data and referrals from our existing customers

We contact potential customers through making phone calls. We will then build up relationships with these potential customers through providing relevant industry data and analysis, offering preliminary service proposals and conducting site visits. We also communicate with our existing customers regularly to understand their specific needs, obtain feedbacks on our advertising services and get a better understanding on the market trend. From time to time, our existing customers may invite us to prepare branding and advertising proposals for their consideration and/or refer other potential customers to us.

The following table sets out the number of and the breakdown of revenue by new and recurring customers during the Track Record Period:

	FY2020			FY2021			FY2022			4M2022			4M2023		
	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue %	No. of customer *(Note 3)*	Revenue *(RMB'000)* *(unaudited)*	% of total revenue %	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue %
Recurring customers(Note 1)	**50**	**68,461**	**66.2**	**49**	**114,568**	**72.7**	**56**	**153,560**	**74.1**	**43**	**57,264**	**94.4**	**83**	**57,519**	**76.6**
– Branding services	12	38,163	36.9	24	60,141	38.2	39	78,298	37.8	25	26,271	43.3	18	18,826	25.1
– Traditional offline media advertising services	7	4,416	4.3	6	2,833	1.8	7	1,626	0.8	3	876	1.4	–	–	–
– Online media advertising services	8	10,916	10.5	12	25,760	16.3	25	35,018	16.9	23	20,663	34.1	6	9,506	12.6
– Event execution and production services	33	14,966	14.5	36	25,834	16.4	31	38,618	18.6	17	9,454	15.6	21	15,224	20.3
– Provision of advertisement placement services (including rebates from Media Partner)	–	–	–	–	–	–	–	–	–	–	–	–	47	13,963	18.6
New customers(Note 2)	**16**	**34,983**	**33.8**	**55**	**43,069**	**27.3**	**121**	**53,607**	**25.9**	**9**	**3,399**	**5.6**	**80**	**17,495**	**23.4**
– Branding services	5	23,092	22.3	15	14,785	9.3	13	12,204	5.9	3	1,325	2.2	10	9,886	13.2
– Traditional offline media advertising services	4	4,050	3.9	7	1,250	0.8	1	578	0.3	–	–	–	–	–	–
– Online media advertising services	2	7,549	7.3	24	20,436	13.0	11	13,127	6.4	2	1,088	1.8	6	2,521	3.4

	FY2020			FY2021			FY2022			4M2022			4M2023		
	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue %	No. of customer *(Note 3)*	Revenue *(RMB'000)* *(unaudited)*	% of total revenue %	No. of customer *(Note 3)*	Revenue *(RMB'000)*	% of total revenue %
– Event execution and production services	7	292	0.3	30	6,598	4.2	15	2,762	1.3	4	986	1.6	10	389	0.5
– Provision of advertisement placement services (including rebates from Media Partner)	–	–	–	–	–	–	87	24,936	12.0	–	–	–	54	4,699	6.3
Total	**66**	**103,444**	**100.0**	**104**	**157,637**	**100.0**	**177**	**207,167**	**100.0**	**52**	**60,663**	**100.0**	**163**	**75,014**	**100.0**

Notes:

1. Recurring customers refer to customers which have engaged our Group for branding, advertising or event execution and production services one year prior to the year indicated. Recurring customers in 4M2022 and 4M2023 refer to customers which have engaged our Group for branding, advertising or event execution and production services in FY2021 and FY2022, respectively.

2. New customers refer to customers which did not engage our Group for branding, advertising or event execution and production services one year prior to the year indicated. New customers in 4M2022 and 4M2023 refer to customers which did not engage our Group for branding, advertising or event execution and production services in FY2021 or FY2022, respectively.

3. Certain recurring customers/new customers engaged us for more than one project type, and as such there are discrepancies between the total number of recurring/new customers and the breakdown of the number of customers by project types.

For FY2020, FY2021, FY2022 and 4M2023, we generated revenue from 66, 104, 177 and 163 customers, of which 50, 49, 56 and 83 customers are recurring customers, respectively, indicating our strong customer base. Revenue contributed by our recurring customers increased from approximately 66.2% of our total revenue for FY2020 to approximately 72.7% of our total revenue for FY2021 and further increased to approximately 74.1% of our total revenue for FY2022. The proportion of revenue contributed by our recurring customers increased in FY2021 and FY2022 as a result of our marketing effort in promoting our business and Follow-up Engagements from our branding customers, which was offset by the decrease in revenue contributed by the recurring customers of our traditional offline media advertising services in FY2021 and FY2022. For FY2020, the Follow-up Engagements on online media advertising services projects increased significantly as we allocated more resources from traditional offline media advertising services to online media advertising services in view of the increasing popularity of online media and our strategic shift of focus on such business segment during the Track Record Period. In view of the increasing popularity of online media after the COVID-19 Outbreak, we secured new customers to engage our online media advertising services in FY2021, which resulted in a general increase in revenue from new customers of online media advertising services. For FY2021, the significant increase in revenue contribution by our recurring customers was mainly due to (i) the increase in their recognition of our branding services that can enhance their brands and increase their competitiveness; (ii) the increase in their advertising budget in promoting their businesses; and (iii) the increase in average contract sum of our event execution and production projects. Our five largest customers for FY2021 were recurring enterprises, in particular, revenue contribution from (i) Customer E increased by RMB2.8 million for FY2021; (ii) Customer F increased by approximately RMB8.2 million for FY2021; and (iii) Customer D increased by approximately RMB0.3 million for FY2021. Please refer to the paragraph headed "Customers – FY2021" in this section for details of the background of our five largest customers for FY2021. Among our recurring customers, certain of our branding customers in FY2020 further engaged us for our offline and online advertising services and/or event execution and production services in FY2021 as Follow-up Engagements for the execution of the branding proposals previously provided by our Group to them, meaning that we have provided a wider scope of services to these recurring customers in FY2021. The amount of revenue from Follow-up Engagements for online media advertising services increased from approximately RMB12.2 million for FY2020 to approximately RMB22.3 million for FY2021 and that for event execution and production services increased from approximately RMB13.7 million for FY2020 to approximately RMB19.2 million for FY2021. For FY2022, the significant increase in revenue contribution by our recurring customers was mainly due to (i) the increase in their recognition of our branding services that can enhance their brands and increase their competitiveness; (ii) the increase in their advertising budget in promoting their businesses; and (iii) the increase in average contract sum of our event execution and production projects. Our five largest customers for FY2022 were recurring customers, in particular, as compared with FY2021, revenue contribution from (i) Customer A increased by approximately RMB4.3 million for FY2022; (ii) Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司) (a top 5 customer of our Group for FY2020 and FY2022) increased by approximately RMB2.6 million for FY2022; (iii) Customer D increased by approximately RMB5.5 million for FY2022; (iv) Customer E increased by approximately RMB0.8 million for FY2022; and (v) Customer G increased by approximately RMB2.5 million for FY2022. Please refer to the paragraph headed "Customers – FY2022" in this section for details of the background of our five largest customers for FY2022.

Our revenue contributed by recurring customers decreased from approximately 94.4% of our total revenue for 4M2022 to approximately 76.6% of our total revenue for 4M2023, which was mainly attributable to the revenue generated from 54 new customers for provision of advertisement placement services (includng the rebates from the Media Partner) in 4M2023, and the absence of such revenue in 4M2022, as well as that generated from 10 new customers for branding services.

Participating in public tenders

We sometimes identify potential customers and projects through tendering. We identify tender invitations through exploring public tender invitations through public information available. In respect of tenders, our sales and business operation department will submit tender application documents together with a service proposal formulated by our Group. Our (i) sales and business operation department; (ii) media operation department; and (iii) finance and accounting department collaborated in the tender process to formulate customised service proposals, which will generally set out the available media resources and our recommended branding, advertising and marketing services, after conducting data analysis and considering the budget and characteristics of the potential customers. Our cross-departmental collaboration in the tender process enables us to benefit from each department's areas of expertise to enhance our competitiveness. We are generally required to submit tender documents including our qualifications, the service proposal, the authorisation certificate issued by the relevant suppliers such as TV station operators and the advertisement we placed on relevant suppliers in the previous years.

During the Track Record Period, we recorded revenue generated from tenders of approximately RMB4.8 million, RMB6.0 million, RMB3.9 million and RMB3.5 million, representing approximately 4.7%, 3.8%, 1.9% and 4.6% of our total revenue, respectively. The increase in the number of submitted and successful tenders in FY2021 and FY2022 were in line with the increase in our revenue for such years. The following table illustrates our tender success rate during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2023**
Number of tenders submitted	2	19	16	6
Number of successful tenders	1	10	9	3
Success rate of tender proposals	50.0%	52.6%	56.3%	50%

Participating in industry exhibitions

We attend industry conferences to solicit new customers and to promote our brand in the advertising industry. After the exhibitions, our team would (i) gather background information of the potential customers and follow-up; (ii) meet with the potential customers to introduce our capability, and identify their marketing objectives and budget; and (iii) prepare and present our tailor-made service proposals to the potential customers based on their specific requirements.

PRICING POLICY

We formulate and adjust our pricing policy in accordance with industry information and market trends. For our branding services, we generally determine our service fee based on a cost-plus approach with reference to our staff costs and research expenses. According to Frost & Sullivan, branding service providers normally charge fees on a cost-plus basis based on the estimated costs according to the service scope, project duration and customers' requirements.

For our online advertising services, we generally determine our service fee based on a cost-plus approach with reference to the costs of acquiring the advertising resources and/or supplies for implementing the social marketing events. According to Frost & Sullivan, the cost for various forms of advertising resources ranges widely depending on its nature and distribution platforms.

For our event execution and production services, we generally charge fees on a cost-plus approach with reference to our staff costs and the fees charged by our suppliers for implementing marketing events. According to Frost & Sullivan, the event execution and production service providers generally determine their service fees to their customers on a cost-plus basis according to the costs of site leasing and procuring materials of scene activities and relevant services from third-party companies.

For our provision of advertisement placement services, the fees which we charge our direct advertiser customers and agencies mainly comprise (i) the cost for advertisement placement on the online media platforms charged by the Media Partner; (ii) our service fee for advertisement placement and other related services; (iii) the rebates we offered to our customers; and (iv) the rebates offered by the Media Partner. For details, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this section.

Accordingly, we determine our service fees on a case-by-case basis, taking into account factors including (i) estimated time to be spent and the complexity of the project, such as the number of staff to be involved in the project and customers' requirements; (ii) scope of services provided; (iii) fees charged by our suppliers including third-party service providers; (iv) budgets of our customers; (v) time requirements of the services; (vi) background of the customers; and (vii) future business opportunities with the customers. For instance, we may set a higher price for those advertising projects which require delivery in a short period of time as such project will require more manpower, thus increasing our costs in providing such services. For our projects, we generally determine our service fee based on a cost-plus approach, in which we will assess our costs to be incurred for the projects, such as staff costs, research expenses, costs of acquiring the advertising resources and/or supplies for implementing the marketing events, etc., and then include a markup over the estimated costs when determining the service fees. We will adjust the markup depending on the market condition and the competitive environment on a case-by-case basis. On some occasions, we received enquiries from customers for discounts and may offer a discounted price to customers with a high industry ranking and reputation, which are measured with reference to among others, the listing status, years of establishment, track record and scale of their business operation, market share in their respective business industries and their public image and reputation based on our Directors' industry knowledge and experience in order to build up our business portfolio and to establish long-term relationships with them. During the Track Record Period, we offered discounts ranging from 9.8% to 21.8% to 4, 4, 4 and 6 projects which in aggregate contributed approximately RMB1.7 million, RMB2.8 million, RMB2.9 million and RMB3.1 million to our revenue for FY2020, FY2021, FY2022 and 4M2023, respectively.

SEASONALITY

Our business may be affected by seasonality. According to Frost & Sullivan, revenue fluctuations are common in the advertising industry and are primarily resulted from fluctuations in advertising expenditure of the target customers in different industries. Our Directors consider the demand for our advertising services from our customers relates to the consumption pattern and other seasonal factors of consumers on the advertising products or services. Further, there is also seasonality effect in branding and event execution and production services that are related to advertising. Based on our past experience during the Track Record Period, our revenue is typically higher in the second half of the year as a large proportion of marketing activities is concentrated on product or services newly launched or promotional campaigns prior to the holiday seasons in the summer holidays, Mid-Autumn Festival, National Day, the Double 11 Online Shopping Festival and New Year's Eve.

CREDIT POLICY AND COLLECTION

Our Group adopts prudent credit control procedures and we regularly monitor settlement of our receivables. The credit period granted to our customers are generally determined with reference to, among others, the financial position, credit record, duration of business relationship and the types of services we provide. Credit and payment terms may vary for different customers and projects. We generally issue invoices to our customers after providing branding, advertising, event execution and production services and/or provision of advertisement placement services according to the contracts. Summary of the general credit terms and policy adopted by type of services provided by us are set out below:

Type of services	**General credit terms and policy**
Branding services	We generally receive prepayment before services are provided. We generally receive 20% of the contract value as first instalment after signing the contracts and receive the remaining contract value by instalments in accordance with the progress of services provided. We generally provide credit period of approximately 90 days.
Traditional offline media advertising services	We generally receive service fee on a monthly basis. For a few customers, our Group receives prepayment before services are provided. Our Group generally provides credit period of approximately 90 days.
Online media advertising services	We generally receive service fee on a monthly basis. Our Group generally provides credit period of approximately 90 days.

Type of services	General credit terms and policy
Event execution and production services	We generally receive prepayment before services are provided. We generally receive the service fee by instalments in accordance with the progress of services provided. Our Group generally provides credit period of up to 90 days.
Provision of advertisement placement services	We generally receive service fee on a monthly basis. Our Group generally provides credit period of approximately 90 days.

Our revenue is denominated in RMB and is generally settled by our customers by way of bank transfer.

INVENTORY

Our Group does not hold inventory for projects.

CUSTOMERS

Our customers include brand owners and advertisers (including private enterprises, state-owned enterprises of various industries and government authorities) and advertising agents in the PRC.

As advised by our PRC Legal Advisers, according to the Law of the PRC on Protecting the State Secrets* (中華人民共和國保守國家秘密法), Implementation Regulations of the Law of the PRC on Protecting the State Secrets* (中華人民共和國保守國家秘密法實施條例) and Interim Regulations on the Administration of Secret Classification of State Secrets* (國家秘密定密管理暫行規定) (together, the "**State Secret Protection Laws**"), state secrets refer to matters relating to national security and interests determined in accordance with legal procedures and only made known to certain personnel within a limited period of time. A state secret mark shall be stamped on the instruments containing state secret once relevant information is determined as state secret.

During the Track Record Period, we received information from state-owned enterprises, including information relating to their business, underlying contracts and invoices evidencing the trade receivable, in the course of entering into transactions with them. To the best information and belief of our Directors after making all reasonable enquiries, no information whatsoever falling within the ambit of state secrets under the State Secret Protection Laws has ever been provided or disclosed to us. Further, we have never been informed or notified by any of our customers that any information provided to us falls into the category of state secrets, nor was requested to take any relevant security measures to protect such information, and no information which was labelled as state secrets has ever been received by us. As advised by our PRC Legal Advisers, considering our business activities and the industries of our customers which are state-owned enterprises, we are not required to obtain state secret information and are not exposed to state secrets when assessing the credit risks of our customers and the underlying debtors or entering into transactions with our customers.

During the Track Record Period, some advertising agents sourced advertising resources from us for their customers as we have established cooperative relationships and connections with certain advertising resources providers which enable us to possess specific advertising resources which may not be immediately available to other advertising agents. We are able to secure these specific advertising resources as we have developed strategic relationships with suppliers of a wide range of media resources and established long-standing relationships with other major provincial satellite TV station operators, media companies and advertising agencies based in Hubei Province. These long-established relationships give us competitive edge in securing valuable advertising resources such as (i) TV advertising time slots during prime time; (ii) online advertising resources in popular online social media, e-commerce and OTT platforms; and (iii) the most updated and first-hand information regarding the advertising resources available across different media platforms and channels. During the Track Record Period, specific advertising resources that we are able to get access to and provide to our advertising agent customers include the largest search engine in the PRC, a Chinese news and information content platform, a Chinese electronics company, a social networking app, a short video social app, national radio broadcasting channel and major provincial satellite TV channels. During the Track Record Period, our service scope to advertising agent customers include (i) provision of advertising resources to customers for placement of advertisements; (ii) assisting customers in placement of advertisements, ranging from graphic, video, search effect, radio broadcasting to television broadcasting advertisements, on the relevant advertising platforms; (iii) obtaining of advertisement performance data, such as audience mix, browser background, browser behaviours and preferences, from certain advertising platforms; and/or (iv) issuance of project completion report with advertising performance data to our customers.

Salient terms of the contracts we entered into with our advertising agent customers (excluding the agencies customers under our provision of advertisement placement services) are summarised as follows:

Contract period:	A fixed term of not more than 12 months depending on the project.
Consideration:	A fixed consideration is stipulated in the individual contract in respect of each project.
Payment terms:	Generally by monthly instalments upon signing of the contract.
Scope of services:	Sourcing and providing specific media resources and evaluation of the advertisements' effectiveness.
Termination	In general, neither of the party is entitled to terminate the agreement unilaterally. If a party is in breach of the agreement and/or the relevant laws and regulations, the other party is entitled to demand liquidated damages of up to 20% of the total consideration and/or other uncovered damages (including but not limited to economic loss, legal fees and notarisation fees etc.).

For details of the salient terms of the framework agreements we entered into with agencies customers for our provision of advertisement placement services, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this section.

The following table sets out a breakdown of the revenue by customer type during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	Revenue	Approximate % of our total revenue	Revenue	Approximate % of our total revenue	Revenue	Approximate % of our total revenue	Revenue	Approximate % of our total revenue	Revenue	Approximate % of our total revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Brand owners and advertisers	**97,207**	**94.0**	**147,883**	**93.8**	**160,678**	**77.6**	**55,444**	**91.4**	**46,398**	**61.9**
– Private enterprises	86,966	84.1	131,197	83.2	145,815	70.4	47,818	78.8	42,981	57.3
– State-owned enterprises	3,883	3.8	9,170	5.8	7,632	3.7	3,641	6.0	3,331	4.5
– Government authorities	6,358	6.1	7,516	4.8	7,231	3.5	3,985	6.6	86	0.1
Advertising agents	**6,237**	**6.0**	**9,754**	**6.2**	**46,489**	**22.4**	**5,219**	**8.6**	**28,616**	**38.1**
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100.0**	**75,014**	**100.0**

Our revenue contributed by brand owners and advertisers remained relatively stable at approximately 94.0% and 93.8% of our total revenue for FY2020 and FY2021, respectively. Our revenue contributed by brand owners and advertisers decreased from approximately 93.8% for FY2021 to approximately 77.6% for FY2022 which was mainly due to the increase in revenue from advertising agents from our provision of advertisement placement services which we commenced in FY2022. As a result of the increase in revenue contribution from advertising agents, revenue contribution from brand owners and advertisers for 4M2023 decreased to approximately 61.9% as compared to that of approximately 91.4% for 4M2022.

After the general stabilisation of COVID-19 in the second half of 2020, our revenue generated from all customer types increased in FY2021 as a result from the growing market demand for branding and advertising services after the COVID-19 Outbreak and our Group's enhanced sales efforts to secure new customers. According to Frost & Sullivan, private enterprises and government authorities generally continued their marketing strategies in FY2021. On the one hand, private enterprises in China continued adopting active marketing strategies in 2021 mainly due to (i) the growing attention to brand reputation from private enterprises; and (ii) the emergence of favourable policies encouraging and supporting the development of small and medium-sized private enterprises, such as the Notice on Further Strengthening the Support to Small and Medium-Sized Enterprises* (關於進一步加大對中小企業紓困幫扶力度的通知) issued by the State Council in 2021. On the other hand, along with the successful control of COVID-19 and the rapid economic recovery in China in 2021, state-owned enterprises put emphasis on business development and gradually increased their budgets for branding and marketing strategies. Our five largest customers for FY2021 were recurring private enterprises from the automobile manufacturing, healthcare food production, health and beverage industries, in particular, revenue contribution from (i) Customer E increased by RMB2.8 million for FY2021; (ii) Customer F increased by approximately RMB8.2 million for FY2021; and (iii) Customer D increased by approximately RMB0.3 million for FY2021. Please refer to the paragraph headed "Customers – FY2021" in this section for details of the background of our five largest customers for FY2021.

Our revenue contributed by advertising agents also remained relatively stable at approximately 6.0% and 6.2% of our total revenue for FY2020 and FY2021, respectively. Our revenue contributed by advertising agents increased from approximately 6.2% for FY2021 to approximately 22.4% for FY2022, and increased from approximately 8.6% for 4M2022 to approximately 38.1% for 4M2023, which was mainly due to the increase in revenue from advertising agents generated from our provision of advertisement placement services (including rebates from the Media Partner) which we commenced in FY2022.

The following table sets out a breakdown of the revenue by locations of our customers during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
		Approximate % of total revenue		Approximate % of total revenue		Approximate % of total revenue		Approximate % of total revenue		Approximate % of total revenue
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000* *(unaudited)*	*(%)*	*RMB'000*	*(%)*
Shanghai	–	–	682	0.4	5,698	2.8	–	–	1,349	1.8
Beijing	463	0.4	1,247	0.8	4,380	2.1	–	–	2,119	2.8
Jilin	–	–	4,424	2.8	4	–	–	–	–	–
Anhui	37	0.0	1,034	0.7	1,469	0.7	658	1.1	649	0.9
Shandong	–	–	1,955	1.2	6,808	3.3	1,229	2.0	4,637	6.2
Guangdong	4,133	4.0	5,512	3.6	4,709	2.3	1,813	3.0	2,579	3.4
Jiangsu	16,588	16.0	19,880	12.6	28,465	13.7	9,357	15.4	9,684	12.9
Jiangxi	–	–	–	–	972	0.5	–	–	8	–
Hainan	–	–	2,933	1.9	3,571	1.7	1,160	1.9	425	0.6
Hebei	–	–	1,003	0.6	2,110	1.0	431	0.7	343	0.5
Hubei	71,879	69.6	115,688	73.3	126,304	61.0	43,542	71.9	41,518	55.3
Fujian	10,344	10.0	2,566	1.6	6,227	3.0	2,140	3.5	597	0.8
Zhejiang	–	–	713	0.5	12,985	6.3	333	0.5	9,645	12.9
Sichuan	–	–	–	–	1,570	0.8	–	–	33	–
Chongqing	–	–	–	–	1,361	0.7	–	–	1,318	1.8
Others *(note 1)*	–	–	–	–	534	0.1	–	–	110	0.1
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100.0**	**75,014**	**100.0**

Note:

1. "Others" included Shaanxi, Liaoning, Inner Mongolia, Ningxia, Guangxi, Xinjiang, Henan, Hunan, Gansu, Qinghai, Heilongjiang and Xizang.

Although we mainly carried out our business operations through our two offices in Wuhan and Macheng, both of which are located in Hubei Province, during the Track Record Period, we sourced and identified potential customers and promoted our business by (i) reaching out to potential customers based on the results of our analysis of marketing data and referrals from our existing customers; (ii) participating in public tenders; and (iii) participating in industry exhibitions. Occasionally, we also promoted our brand by publishing news articles relating to site visits by the government officials, our involvement in industry exhibitions and key award and recognitions we received. Some of our customers operate branch offices in Hubei Province which referred our Group to their sales and marketing team of their headquarters outside Hubei Province. As a result, we secured customers across various geographical locations.

During the Track Record Period, there was a general increase in revenue contributed by our customers located in Hubei Province, Jiangsu Province and Zhejiang Province. Riding on our market position as a branding, advertising and marketing service provider in Hubei Province and leveraging on our established long-standing relationships with major provincial satellite TV station operators, media companies and advertising agencies based in Hubei Province, we recorded revenue contributed by customers located in Hubei Province in the amount of approximately RMB71.9 million, RMB115.7 million, RMB126.3 million and RMB41.5 million for FY2020, FY2021, FY2022 and 4M2023, respectively. As a result of the full recovery of the market from COVID-19 in FY2021, there was a growing demand in our services in Hubei Province from approximately RMB71.9 million in FY2020 to RMB115.7 million in FY2021, leading to an increase in revenue generated from customers located in Hubei in FY2021. Jiangsu Province is also one of the locations where some of our key customers are located, including a leading manufacturer of threewheeled motorcycles and electric vehicles based in Jiangsu Province, which have increased their marketing budget for our services along with their business expansion. Revenue generated from customers in Jiangsu Province amounted to approximately RMB16.6 million, RMB19.9 million, RMB28.5 million and RMB9.7 million for FY2020, FY2021, FY2022 and 4M2023, respectively. Our revenue from Zhejiang Province increased significantly from approximately RMB0.7 million for FY2021 to approximately RMB13.0 million for FY2022, which was mainly due to the commencement of our provision of advertisement placement services in FY2022 and we secured new projects for provision of advertisement placement services from customers in Zhejiang Province in FY2022. We secured new projects for provision of advertisement placement services from customers in Zhejiang Province in 4M2023, and therefore our revenue generated from customers in Zhejiang Province increased from approximately RMB0.3 million for 4M2022 to approximately RMB9.6 million for 4M2023.

On the other hand, our revenue generated from customers located in Fujian Province decreased from approximately RMB10.3 million for FY2020 to approximately RMB2.6 million for FY2021 and then increased to approximately RMB6.2 million for FY2022. The significant decrease in FY2021 was primarily due to one of our advertising agents in Fujian Province whose end-customers' marketing needs changed from over-the-top video advertising in FY2020 to online media platforms in FY2021. This advertising agent switched to other media resources suppliers which may provide lower prices for placing advertisements on online platforms, resulting in its decreasing purchase from our Group in FY2021. Such customer contributed approximately RMB6.2 million, RMB1.8 million, RMB4.0 million and nil to our revenue for FY2020, FY2021, FY2022 and 4M2023, respectively. For FY2022, the increase in revenue generated from customers located in Fujian Province was primarily due to the increase in number of projects from 4 for FY2021 to 20 for FY2022 as a result of the end customers of aforesaid advertising agent customer increased their marketing budget. Since this advertising agent customer did not approach us to provide services during 4M2023, our revenue generated from customers located in Fujian Province decreased from approximately RMB2.1 million for 4M2022 to approximately RMB0.6 million for 4M2023.

We provide branding, advertising and event execution and production services to customers from a wide range of industries, such as beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism, retail and advertising, for promotion of their brands, various products and/or services. The following table sets out a breakdown of revenue by industries of customers during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
		Approximate % of total revenue		Approximate % of total revenue		Approximate % of total revenue		Approximate % of total revenue		Approximate % of total revenue
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000* *(unaudited)*	*(%)*	*RMB'000*	*(%)*
– Beverage	18,706	18.1	26,014	16.5	23,805	11.5	6,819	11.2	5,231	7.0
– Automobile manufacturing	13,799	13.4	19,373	12.3	28,134	13.5	7,948	13.1	16,792	22.4
– Household essentials manufacturing	12,459	12.0	11,648	7.4	16,195	7.9	6,666	11.0	3,371	4.5
– Medicine manufacturing	5,015	4.8	9,522	6.0	14,229	6.9	4,399	7.3	4,672	6.2
– Tourism	9,543	9.2	13,721	8.7	9,252	4.5	4,307	7.1	3,409	4.6
- Health *(Note 1)*	30	0.0	8,604	5.5	6,864	3.3	1,031	1.7	2,363	3.2
– Retail	9	0.0	10,513	6.7	12,123	5.9	5,913	9.7	1,895	2.5
– Advertising	6,237	6.0	8,751	5.6	46,499	22.4	5,219	8.6	29,110	38.8
– Agricultural and related food processing	12,025	11.6	5,054	3.2	7,857	3.8	3,641	6.0	405	0.5
– Food production	11	0.0	5,731	3.6	4,228	2.0	1,889	3.1	–	–
– Healthcare food production	17,885	17.3	8,503	5.4	12,804	6.2	4,717	7.8	2,580	3.4
– Real estate development	82	0.1	3,557	2.3	2,604	1.3	1,297	2.1	–	–
– Metal products manufacturing	179	0.2	3,958	2.5	2,838	1.4	1,014	1.7	1,760	2.3
– Education	461	0.5	4,010	2.5	2,466	1.2	1,149	1.9	204	0.3
– Public management and welfare	1,960	1.9	2,871	1.8	2,134	1.0	1,002	1.7	31	–
– Catering	638	0.6	1,118	0.7	1,117	0.5	316	0.5	20	–
– Beauty-care	4,142	4.0	4,417	2.8	3,751	1.8	556	0.9	1,538	2.1
– Civil engineering	–	–	2,490	1.6	844	0.4	418	0.7	–	–
– Information technology	–	–	–	–	755	0.4	755	1.2	24	–
– Recreation, sports and culture	8	0.0	2,009	1.3	–	–	–	–	–	–
– Commercial services	15	0.0	1,847	1.2	–	–	404	0.7	–	–
– Financial services	57	0.1	826	0.5	–	–	–	–	–	–
– Wholesale	–	–	291	0.2	2,991	1.4	–	–	425	0.6
– Textiles	–	–	–	–	1,245	0.6	–	–	–	–
- Others *(Note 2)*	183	0.2	2,809	1.7	4,432	2.1	1,203	2.0	1,184	1.6
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100.0**	**75,014**	**100.0**

Notes:

1. Health mainly included plastic surgery hospital.

2. Others primarily represented customers from various industries such as transportation, water supply and chemicals.

The following tables set forth the details of our five largest customers in each year or period in terms of revenue during the Track Record Period:

FY2020

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	%
Customer A *(Note 2)*	Medical technology development; disinfection products, chemical products, daily necessities, electronic products, cosmetics, biotechnology development, drug research and development, production, wholesale and retail; food, health products, health food wholesale and retail	A PRC limited liability company which has around 100 to 499 employees and a PRC limited liability company which has less than 50 employees	RMB600,000,000 and RMB900,000,000, respectively	5	Branding services, online media advertising services	90 days/ telegraphic transfer	17,885	17.3
Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司)	Manufacture and sales of mattresses, sofas, sponge bedding, galvanized tiles and other furniture	A PRC limited liability company which has around 100 to 199 employees	RMB64,000,000	7	Branding services, traditional offline media advertising services, event execution and production services	1 week-90 days/ telegraphic transfer	9,645	9.3

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	*%*
Customer B	Production and sales of beer, beverages, purified water, brewer's grains and related products	A PRC limited liability company which has around 1,000 to 1,999 employees	USD59,970,000	6	Branding services, traditional offline media advertising services, event execution and production services	1 week-90 days/ telegraphic transfer	9,635	9.3
Customer C	Production and sales of baijiu, health wine and Chinese medicine	A PRC limited liability company which has around 400 to 499 employees	RMB100,000,000	4	Branding services, event execution and production services	90 days/ telegraphic transfer	9,044	8.7
Customer D	Design, production and sales of three-wheeled motorcycles and electric vehicles	A PRC limited liability company which has around 1,000 to 1,999 employees	RMB101,010,100	8	Branding services, event execution and production services	90 days/ telegraphic transfer	7,859	7.6
Total							54,068	52.2

Notes:

1. The information in relation to the scale of operation and registered capital of our major customers was disclosed based on information publicly available and is for illustrative purposes only.

2. Customer A comprised a company established in the PRC with limited liability and its subsidiary.

FY2021

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	%
Customer E	Manufacture and sales of four-wheeled electric vehicles, on-site special vehicles, three-wheeled motorcycles, electric bicycles, electric motorcycles and accessories	A PRC limited liability company which has around 2,000 to 2,999 employees	RMB80,000,000	7	Event execution and production services, branding services	90 days/ Telegraphic transfer	8,730	5.5
Customer A *(Note 2)*	Medical technology development; disinfection products, chemical products, daily necessities, electronic products, cosmetics, biotechnology development, drug research and development, production, wholesale and retail; food, health products, health food wholesale and retail	A PRC limited liability company which has around 100 to 499 employees and a PRC limited liability company which has less than 50 employees	RMB600,000,000 and RMB900,000,000, respectively	5	Online media advertising services, branding services	90 days/ Telegraphic transfer	8,503	5.4
Customer F	Provision of medical aesthetics, plastic surgery, medical laboratory, medical imaging services	A PRC limited liability company which has around 100 to 199 employees	RMB5,000,000	6	Online media advertising services, branding services	90 days/ Telegraphic transfer	8,218	5.2
Customer D	Design, production and sales of three-wheeled motorcycles and electric vehicles	A PRC limited liability company which has around 1,000 to 1,999 employees	RMB101,010,100	8	Event execution and production services, branding services	90 days/ Telegraphic transfer	8,124	5.2

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	%
Customer B	Production and sales of beer, beverages, purified water, brewer's grains and related products.	A PRC limited liability company which has around 1,000 to 1,999 employees	USD59,970,000	6	Traditional offline media advertising services, online media advertising services, event execution and production services, branding services	1 week – 90 days/ Telegraphic transfer	7,788	4.9
Total							41,363	26.2

Notes:

1. The information in relation to the scale of operation and registered capital of our major customers was disclosed based on information publicly available and is for illustrative purposes only.

2. Customer A comprised a company established in the PRC with limited liability and its subsidiary.

FY2022

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	%
Customer D	Design, production and sales of three-wheeled motorcycles and electric vehicles	A PRC limited liability company which has around 1,000 to 1,999 employees	RMB101,010,100	8	Branding services, online media advertising services, event execution and production services	90 days/ Telegraphic transfer	13,593	6.6

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	*%*
Customer A *(Note 2)*	Medical technology development; disinfection products, chemical products, daily necessities, electronic products, cosmetics, biotechnology development, drug research and development, production, wholesale and retail; food, health products, health food wholesale and retail	A PRC limited liability company which has around 100 to 499 employees and a PRC limited liability company which has less than 50 employees	RMB600,000,000 and RMB900,000,000, respectively	5	Branding services, online media advertising services, event execution and production services	90 days/ Telegraphic transfer	12,804	6.2
Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司)	Manufacture and sales of mattresses, sofas, sponge bedding, galvanized tiles and other furniture	A PRC limited liability company which has around 100 to 199 employees	RMB64,000,000	7	Event execution and production services, branding services, online media advertising services	90 days/ Telegraphic transfer	10,126	4.9
Customer E	Manufacture and sales of four-wheeled electric vehicles, on-site special vehicles, three-wheeled motorcycles, electric bicycles, electric motorcycles and accessories	A PRC limited liability company which has around 2,000 to 2,999 employees	RMB80,000,000	7	Event execution and production services, branding services	90 days/ Telegraphic transfer	9,529	4.6

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	*%*
Customer G	Manufacture and sales of drugs, dietary supplement, drinks and food	A PRC limited liability company which has around 700 to 799 employees	RMB153,398,600	4	Event execution and production services, branding services, online media advertising services	90 days/ Telegraphic transfer and bank's acceptance bill	9,366	4.5
Total							55,418	26.8

Notes:

1. The information in relation to the scale of operation and registered capital of our major customers was disclosed based on information publicly available and is for illustrative purposes only.

2. Customer A comprised a company established in the PRC with limited liability and its subsidiary.

4M2023

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	*%*
Customer H	Design and promotion of Internet games and softwares, design, distribution and agency services of advertisements	A PRC limited liability company which has less than 50 employees	RMB5,000,000	1	Online media advertising services	90 days/ Telegraphic transfer	6,152	8.2
Customer I *(Note 2)*	Production, research and development, design, manufacturing, and sales of automobiles, automotive components, and automotive body systems	A PRC limited liability company which has around 600 to 699 employees and a PRC limited liability company which has around 500 to 599 employees	RMB555,555,600 and RMB360,000,000, respectively	1	Branding services	90 days/ Telegraphic transfer	4,960	6.6

Customer	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided by us	Credit terms and payment method	Revenue	Approximate % of our total revenue
							(RMB'000)	%
Customer E	Manufacture and sales of four-wheeled electric vehicles, on-site special vehicles, three-wheeled motorcycles, electric bicycles, electric motorcycles and accessories	A PRC limited liability company which has around 2,000 to 2,999 employees	RMB80,000,000	7	Event execution and production services, branding services	90 days/ Telegraphic transfer	4,916	6.6
Customer D	Design, production and sales of three-wheeled motorcycles and electric vehicles	A PRC limited liability company which has around 1,000 to 1,999 employees	RMB101,010,100	8	Event execution and production services, branding services	90 days/ Telegraphic transfer	4,625	6.2
Customer B	Production and sales of beer, beverages, purified water, brewer's grains and related products	A PRC limited liability company which has around 1,000 to 1,999 employees	USD59,970,000	6	Event execution and production services, branding services	90 days/ Telegraphic transfer	3,539	4.6
Total							24,192	32.2

Notes:

1. The information in relation to the scale of operation and registered capital of our major customers was disclosed based on information publicly available and is for illustrative purposes only.

2. Customer I comprised two companies which are established in the PRC with limited liability and both of which are controlled by the same shareholder.

For FY2020, FY2021, FY2022 and 4M2023, revenue generated from our largest customer amounted to approximately RMB17.9 million, RMB8.7 million, RMB13.6 million and RMB6.2 million, representing approximately 17.3%, 5.5%, 6.6% and 8.2% of our total revenue, respectively. Revenue generated from our five largest customers in each year or period during the Track Record Period amounted to approximately RMB54.1 million, RMB41.4 million, RMB55.4 million and RMB24.2 million, representing approximately 52.2%, 26.2%, 26.8% and 32.2% of our total revenue, respectively.

Our five largest customers in each year or period during the Track Record Period are Independent Third Parties. To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors, their respective close associates or any Shareholders who own more than 5% of the issued Shares, had any interest in any of our five largest customers in each year or period during the Track Record Period.

During the Track Record Period, the Group did not face any loss of its top five customers.

Overlapping of Customers and Suppliers

The first overlapping customer and supplier

Wuhan Tongrui Chengyi Cultural Media Company Limited (武漢通瑞誠益文化傳媒有限公司) ("Wuhan Tongrui") was one of our advertising agent customers for FY2021 and was also our supplier for FY2020, FY2021, FY2022 and 4M2023. The revenue from Wuhan Tongrui for FY2020, FY2021, FY2022 and 4M2023 was nil, RMB0.3 million, nil and nil, respectively, accounting for nil, 0.2%, nil and nil of our total revenue for the respective year or period. The cost of services attributable to Wuhan Tongrui for FY2020, FY2021, FY2022 and 4M2023 was RMB0.6 million, RMB2.1 million, RMB6.0 million and RMB71,000, respectively, accounting for 1.0%, 2.1%, 5.8% and 0.3% of our total cost of services, respectively, for the respective year or period.

Wuhan Tongrui is a limited liability company established in the PRC in 2015, which was principally engaged in provision of cultural and art exchange consulting, conference and exhibition services; corporate planning services and advertising, design and production agency. During the Track Record Period, we engaged Wuhan Tongrui to provide, among others, filming, producing promotional videos and printing of tickets and vouchers based on our customers' advertising content. Through our business contacts with them, they had the knowledge that we also possess specific media resources. In FY2021, Wuhan Tongrui engaged us to provide taxi cab LED animation display, which was classified as our traditional offline media services. Our Directors confirm that our services to or engagement of Wuhan Tongrui were entered into after due consideration taking into account the prevailing service fee and conducted in the ordinary course of business under normal commercial terms and on an arm's length basis.

According to Frost & Sullivan, as each advertising agent possesses different media resources, it is a common market practice and within industry norm that advertising agents will engage each other to procure advertising resources based on customers' advertising content and media platforms required. While the service scope of advertising agents mainly focuses on providing advertising resources and placing advertisements on relevant advertising platforms, our capabilities in strategy formulation and data analysis differentiate us from other advertising agents. Apart from providing advertising resources, we are capable of formulating tailor-made branding, advertising and marketing services for our customers through analysing market and industry data procured by us from third party research institutes such as projection of the market demand for the products and/or services to be marketed and promoted by our customers, analysis of consumers' behaviours and preferences, branding, advertising and marketing strategies adopted by our customers' competitors and target audience of different advertising platforms and channels. For details of our capabilities in strategy formulation and data analysis, please refer to the paragraph headed "Our competitive strengths – We have developed strategy formulation and data analytical capabilities" in this section.

The second overlapping customer and supplier

During FY2022, one of our customers was also our supplier in the same year (the "***Second Overlapping Customer and Supplier***"). To our Directors' knowledge, the Second Overlapping Customer and Supplier is an integrated service provider in Hubei engaging in planning of marketing events, advertisement agency and placement services. Since December 2020, the Second Overlapping Customer and Supplier has been our supplier providing (i) online media advertising services for placing advertisements on different online media platforms; and (ii) marketing event execution services. In May 2022, we entered into a framework agreement with it for advertisement placements on the online media platforms of the Media Partner under our provision of advertisement placement services. Negotiations of the terms of our sales to and purchases from the Second Overlapping Customer and Supplier were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the Second Overlapping Customer and Supplier were conducted in the ordinary course of business under normal commercial terms and on arm's length basis. The revenue from the Second Overlapping Customer and Supplier for FY2020, FY2021, FY2022 and 4M2023 was nil, nil, RMB0.8 million and RMB0.2 million, respectively, accounting for nil, nil, 0.4% and 0.3% of our total revenue for the respective year or period. The cost of services attributable to the Second Overlapping Customer and Supplier for FY2020, FY2021, FY2022 and 4M2023 was nil, RMB0.7 million, RMB64,000 and RMB25,000, respectively, accounting for nil, 0.7%, 0.1% and 0.1% of our total cost of services, respectively, for the respective year or period. Since we provided advertisement placement services to the Second Overlapping Customer and Supplier for FY2022 and 4M2023, we recognised such revenue from the Second Overlapping Customer and Supplier on net basis, and thus the gross profit margin generated from the revenue from the Second Overlapping Customer and Supplier for FY2022 and 4M2023 was 92.2% and 88.5%, respectively. For the details of the basis of the revenue recognition from the provision of advertisement placement services (rebates from the Media Partner on net basis), please refer to the paragraph headed "Financial Information – Significant accounting estimates and judgements – Revenue recognition on net basis for provision of advertisement placement services and the ten advertising agents (as defined in this document) under online media advertising services" in this document.

Agreements with our customers

We generally contract with our customers on a project basis for each engagement. For certain customers who have a long-term business relationship with us, we also enter into framework agreements with them for a fixed term of 12 months to 30 months. The framework agreements only record our intention to engage with each other for branding, advertising and event execution and production services. For each individual project, we will enter into separate contract with our customers covering other material terms, such as the nature and scope of services, consideration and payment terms.

Salient terms of the framework agreements and individual contracts we entered into with our customers for each service type are summarised as follows:

	Branding services	Traditional offline media advertising services	Online media advertising services	Event execution and production services
Contract period	Framework agreement: A fixed term of 12 months to 30 months.			
	Individual contracts: A fixed term of not more than 12 months depending on the project.			
Consideration	A fixed consideration is stipulated in the individual contract in respect of each project.			
Payment terms	Framework agreement: Payment term is stipulated in the individual contract in respect of each project.	Framework agreement: Payment term is stipulated in the individual contract in respect of each project.	Framework agreement: Payment term is stipulated in the individual contract in respect of each project.	Framework agreement: Payment term is stipulated in the individual contract in respect of each project.
	Individual contracts: Generally by several instalments upon signing of the contract and upon completion of key stages of the project.	Individual contracts: Generally by monthly instalments upon signing of the contract.	Individual contracts: Generally by monthly instalments upon signing of the contract.	Individual contracts: Generally by several instalments upon signing of the contract and upon completion of key stages of the marketing event.

	Branding services	Traditional offline media advertising services	Online media advertising services	Event execution and production services
Scope of services:	(i) Study and analysis on the brand of the customers; (ii) design and planning of the brand development strategies; (iii) design of the brand image; and (iv) formulation of products marketing and brand promotion plans	(i) Identifying the appropriate media mix; (ii) preparing the advertising proposal; (iii) sourcing of advertising resources; (iv) arranging and supervising the placement of advertisements; and (v) evaluation of the advertisements' effectiveness	(i) Assisting our customers to identify and select the relevant online advertising resources suppliers; (ii) analysing the preference and behaviour of internet users, characteristics and effectiveness of various online platforms; and (iii) offering suggestions on the forms of online advertisements and the types of online platforms	(i) Formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring supply of materials and engaging third-party service providers; (iv) assisting with project management and overseeing the execution of campaigns; and (v) evaluating the effectiveness of the marketing campaigns
Termination	In general, neither of the party is entitled to terminate the agreement unilaterally. If a party is in breach of the agreement and/or the relevant laws and regulations, the other party is entitled to demand liquidated damages of up to 20% of the total consideration and/or other uncovered damages (including but not limited to economic loss, legal fees and notarisation fees etc.).			

For details of the salient terms of the framework agreements we entered into with our customers for provision of advertisement placement services, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including the rebates from the Media Partner)" in this section.

We are subject to the Advertising Law of the PRC (中華人民共和國廣告法) for our advertising services. As advised by our PRC Legal Advisers, pursuant to the Advertising Law of the PRC, advertisements shall not contain any false or misleading information, and shall not deceive or mislead consumers. Advertising agents including us shall, in accordance with laws and administrative regulations, examine and verify the content of the advertisements. Our media operation department will examine the content of the advertisement to ascertain if the content of the advertisement contains any false or misleading information. After the review by our media operation department, the content of the advertisement will also be reviewed and approved by the general manager of our Group before they can be published.

SUPPLIERS

During the Track Record Period, we generally liaised with research institutes for industry data and procured advertising resources from advertising resources providers and advertising agents. Research institutes are institutions which are engaged to conduct market research on the market and industry in which our customers operate, including the latest development and trends of the industry, the opportunities and challenges facing the industry, the nature of the target customers, customers' consumption behaviour and preference, and an analysis on the competitive environment, such as the major competitors and the nature of competition in the market. Advertising resources providers (i.e. the ultimate advertising resources operators) are generally companies possessing advertising resources directly, such as TV station operators, agents and/or owners of websites, search engines, social media and e-commerce platforms, and outdoor platforms. Advertising agents are advertising companies which source advertising resources from the ultimate advertising resources suppliers. As certain advertising agents may establish stronger relationships with certain advertising resources providers or possess some specific advertising resources or some advertising resources which require minimum purchase requirements, we engage these advertising agents as our suppliers while some of these advertising agents may also source advertising resources from us for their customers, which is consistent with the industry practice according to Frost & Sullivan. As certain third-party service providers may possess the specific expertise, resources, networks and experiences relevant to certain industries and demand of certain specific services, we may also engage other third-party service providers including production house to produce advertisements and public relations companies to execute the marketing campaigns and other public relations activities under our instructions and supervision, which is consistent with the industry practice according to Frost & Sullivan.

We generally select our suppliers based on factors such as price, quality of the services provided, proven track record, our past experience with them, its media resources and its influence in the advertising industry. We have maintained a list of qualified suppliers to ensure availability and quality of our supplies of resources and services. We conduct evaluation of our suppliers on a regular basis, taking into account the quality of its services and media resources, including whether it could implement the broadcasting requirements in accordance with the contract terms, whether its schedules of broadcasting is reasonable, whether the broadcastings meet our quality standard, whether issues can be dealt with immediately and whether it would actively cooperate with our follow-up requests. During the Track Record Period, we did not experience any material shortage or delay of supply due to defaults of our suppliers.

The following tables set forth the details of our five largest suppliers in each year or period during the Track Record Period:

FY2020

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	%
Supplier A	Brand management, advertisement marketing planning and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB10,000,000	6	Execution of events and activities, placement of online advertisements	90 days/ telegraphic transfer	13,538	23.9
Supplier B	Higher education, undergraduate, master and doctoral degree education, post-doctoral training and related scientific research as well as continuing education, professional training, academic exchanges and technology consulting	A PRC university which has over 5,000 employees	RMB1,250,490,000	5	Provision of research data and analysis	60-90 days/ telegraphic transfer	7,918	13.9
Fujian Lu Wang Cultural Commu-nication Company Limited (福建省路網文化傳播有限公司)	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB10,000,000	3	Execution of events and activities, placement of TV advertisements, provision of brand visual design services	90 days/ telegraphic transfer	6,860	12.1

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	*%*
Wuhan TDC Technology Company Limited (武漢頭等艙科技股份有限公司)	Research and development and sales of computer software, hardware, and electronic product and the provision of online one-stop marketing services	A PRC limited liability company which has less than 50 employees	RMB1,000,000	3	Provision of research data and analysis, provision of brand visual design services	90 days/ telegraphic transfer	6,444	11.4
Hubei Changjiang Radio and Television Advertising Company Limited (湖北長江廣電廣告有限公司)	Production, agency and placement of advertisements	A PRC limited liability company which has around 100 to 199 employees	RMB20,000,000	10	Placement of TV and broadcast advertisements, provision of brand visual design services	Prepayment for advertisements and 90 days for brand services/ telegraphic transfer	3,865	6.8
Total							38,625	68.1

Note:

1. The information in relation to the scale of operation and registered capital of our major suppliers was disclosed based on information publicly available and is for illustrative purposes only.

FY2021

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	%
Fujian Lu Wang Cultural Commu-nication Company Limited (福建省路網文化傳播有限公司)	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB10,000,000	3	Execution of events and activities, placement of TV advertisements, provision of brand visual design services	90 days/ telegraphic transfer	9,874	10.4
Supplier B	Higher education, undergraduate, master and doctoral degree education, post-doctoral training and related scientific research as well as continuing education, professional training, academic exchanges and technology consulting	A PRC university which has over 5,000 employees	RMB1,250,490,000	5	Provision of research data and analysis	60 – 90 days/ telegraphic transfer	9,593	10.2
Supplier C	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company. Information about the number of employees is not publicly available	RMB5,000,000	2	Execution of events and activities, placement of TV advertisements, provision of brand visual design services	90 days/ telegraphic transfer	7,790	8.2
Supplier D	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB2,000,000	2	Execution of events and activities, placement of TV advertisements, provision of brand visual design services	90 days/ telegraphic transfer	7,734	8.2

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	%
Supplier E	Design, production, and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB5,010,000	2	Execution of events and activities, provision of brand visual design services	90 days/ telegraphic transfer	7,292	7.7
Total:							42,283	44.7

Note:

1. The information in relation to the scale of operation and registered capital of our major suppliers was disclosed based on information publicly available and is for illustrative purposes only.

FY2022

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	%
Wuhan Xingpei Technology Company Limited (武漢星裴科技有限公司)	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB10,000,000	1	Execution of events and activities, placement of online and offline advertisement	90 days/ Telegraphic transfer	8,988	9.4
Fujian Lu Wang Cultural Commu-nication Company Limited (福建省路網文化傳播有限公司)	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB10,000,000	3	Placement of online advertisements, provision of brand visual design services, execution of events and activities	90 days/ Telegraphic transfer	8,393	8.8

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	%
Supplier B	Higher education, undergraduate, master and doctoral degree education, post-doctoral training and related scientific research as well as continuing education, professional training, academic exchanges and technology consulting	A PRC university which has over 5,000 employees	RMB1,250,490,000	5	Provision of research data and analysis	90 days/ Telegraphic transfer	7,918	8.3
Wuhan TDC Technology Company Limited (武漢頭等艙科技股份有限公司)	Research and development and sales of computer software, hardware, and electronic product and the provision of online one-stop marketing services	A PRC limited liability company which has less than 50 employees	RMB1,000,000	3	Provision of research data and analysis; provision of brand visual design services; placement of online advertisement	90 days/ Telegraphic transfer	7,689	8.0
Supplier C	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company. Information about the number of employees is not publicly available	RMB5,000,000	2	Execution of events and activities, placement of online advertisements	90 days/ Telegraphic transfer	7,259	7.6
Total							40,247	42.1

Note:

1. The information in relation to the scale of operation and registered capital of our major suppliers was disclosed based on information publicly available and is for illustrative purposes only.

4M2023

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	*%*
Wuhan Xingpei Technology Company Limited (武漢星裴科技有限公司)	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB10,000,000	1	Execution of events and activities; provision of brand visual design services; placement of online advertisement	90 days/ Telegraphic transfer	6,402	26.3
Supplier B	Higher education, undergraduate, master and doctoral degree education, postdoctoral training and related scientific research as well as continuing education, professional training, academic exchanges and technology consulting	A PRC university which has over 5,000 employees	RMB1,250,490,000	5	Provision of research data and analysis	90 days/ Telegraphic transfer	4,288	17.6
Supplier F	Higher education, undergraduate, master and doctoral degree education, post-doctoral training and related scientific research as well as continuing education, professional training, academic exchanges and technology consulting	A PRC university which has over 5,000 employees	RMB1,724,420,000	5	Provision of research data and analysis	90 days/ Telegraphic transfer	3,615	14.8

Supplier	Background and principal business	Scale of operation *(Note 1)*	Registered capital *(Note 1)*	Years of business relationship with us	Principal services provided to us	Credit terms and payment method	Cost of services provided by suppliers	Approximate % of our total cost of services provided by suppliers
							(RMB'000)	*%*
Wuhan TDC Technology Company Limited (武漢頭等艙科技股份有限公司)	Research and development and sales of computer software, hardware, and electronic product and the provision of online one-stop marketing services	A PRC limited liability company which has less than 50 employees	RMB1,000,000	3	Provision of research data and analysis; provision of brand visual design services	90 days/ Telegraphic transfer	1,520	6.2
Supplier G	Design, production and publication of advertisements and organisation of activities	A PRC limited liability company which has less than 50 employees	RMB500,000	1	Execution of events and activities; placement of online advertisement	90 days/ Telegraphic transfer	1,350	5.6
Total							17,175	70.5

Note:

1. The information in relation to the scale of operation and registered capital of our major suppliers was disclosed based on information publicly available and is for illustrative purposes only.

For FY2020, FY2021, FY2022 and 4M2023, the cost of services provided by our largest supplier amounted to approximately RMB13.5 million, RMB9.9 million, RMB9.0 million and RMB6.4 million, representing approximately 23.9%, 10.4%, 9.4% and 26.3% of our total cost of services provided by suppliers, respectively. Cost of services provided by our five largest suppliers in each year or period during the Track Record Period amounted to approximately RMB38.6 million, RMB42.3 million, RMB40.2 million and RMB17.2 million, representing approximately 68.1%, 44.7%, 42.1% and 70.5% of our total cost of services provided by suppliers, respectively.

Our five largest suppliers in each year or period during the Track Record Period are Independent Third Parties. To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors, their respective close associates or any Shareholders who own more than 5% of the issued Shares, had any interest in any of our five largest suppliers in each year or period during the Track Record Period.

Agreements with our suppliers

We generally contract with our suppliers on a project basis. For certain suppliers in traditional offline media advertising and online media advertising, we entered into framework agreements with them for a term of six months to 22 months to record our intention to cooperate with each other. In such case, details of other contract terms such as type and quantity of the advertising resources, consideration and payment terms are generally stipulated in separate contract for each engagement.

Salient terms of the contracts we entered into with our suppliers for each service type provided to us are summarised as follows:

	Branding services *(Note 1)*	**Traditional offline media advertising services**	**Online media advertising services**	**Event execution and production services**
Contract period	A fixed term from two months to ten months.	A fixed term from 12 days to 12 months.	A fixed term from two days to 12 months.	Generally no fixed term depending on the specific project.
Services procured	Market research and industry data analysis and design of various branding materials.	Advertising resources on various platforms, such as TV station operators, and outdoor platforms.	Advertising resources on various platforms, such as operators and/or owners of websites, search engines, social media and e-commerce platforms.	Corporate video shooting and production services, construction and decoration services and implementation of the event marketing campaigns.
Consideration	A fixed consideration is stipulated.	A fixed consideration is stipulated. *(Note 2)*	A fixed consideration is stipulated. *(Note 2)*	A fixed consideration is stipulated.
Payment terms	Generally payable by instalments upon signing of the contract and upon execution.	Generally payable prior to each month with scheduled broadcast.	Generally payable monthly or before completion of the advertising services.	Generally payable by instalments upon signing of the contract and upon execution.

	Branding services ***(Note 1)***	**Traditional offline media advertising services**	**Online media advertising services**	**Event execution and production services**
Termination	In general, a party is entitled to terminate the contract in the event that the other party is in breach of the contract.	In general, a supplier is entitled to terminate the contract in the event that we are in breach of the contract.	In general, a supplier is entitled to terminate the contract in the event that we are in breach of the contract.	In general, a party is entitled to terminate the contract in the event that the other party is in breach of the contract. In the event that the supplier terminates the agreement unilaterally, such supplier is liable to pay damages of 20% of the consideration as damages, and to further compensate us against any actual losses incurred additionally.
Minimum purchase amount	Nil.	Nil.	Nil.	Nil.

Notes:

1. As part of our branding services and upon request by our customers, we may assist our customers in producing the advertisements materials, such as corporate videos and photos. In such event, we generally engage third-party service providers in producing the relevant advertisement materials under our supervision.

2. Given that we generally adopt a cost-plus pricing approach in charging our service fees for traditional offline media advertising services and online media advertising services, we consider that a fixed amount of service fee charged by our suppliers would enable us to better determine our service fee based on more accurate estimation of our costs and the budget of our customers. According to Frost & Sullivan, such pricing model and the fixed amount of service fees charged by our suppliers are in line with the industry norm.

For details of the salient terms of the framework agreements we entered into with the Media Partner for provision of advertisement placement services, please refer to the paragraph headed "Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this section.

We also entered into framework agreements with a TV station and online media resources providers to procure media resources for our advertising services. Salient terms of such framework agreements are summarised as follows:

Contract period	six to 22 months
Services/advertising resources provided	Place advertisements on the platforms provided by the TV station operators and online media resources providers including but not limited to TV channels, websites, and mobile applications
Payment terms	Payment terms to be stipulated in the separate contract in respect of each project. During the Track Record Period, we were generally granted a credit period of up to 90 days
Termination	In general, a party is entitled to terminate the agreement when the other party is in breach of the agreement

COLLABORATION WITH RESEARCH INSTITUTES

To improve the comprehensiveness and credibility of the market research and industry data analysis provided to our customers, we have engaged certain research institutes, including two renowned universities with market research expertise in Central China, in conducting market research on related industries for our customers, which is in line with the market practice of the branding service providers in the PRC according to Frost & Sullivan.

The aforesaid renowned universities which we had engaged during the Track Record Period for conducting market research for our branding services included the following:

(i). a comprehensive research university established in 2000 in Wuhan, Hubei Province of the PRC with more than 1,200 professors and 55,000 students and a registered capital of approximately RMB1.2 billion, and provides higher education, undergraduate, master and doctoral degree education, post-doctoral training and related scientific research as well as continuing education, professional training, academic exchanges and technology consulting and has been ranked among the top 10 universities in China in the major domestic rankings publication, including the Shanghai Ranking's Academic Ranking of World Universities for 2022 (the "**University A and Supplier B**"); and

(ii). a comprehensive research university established in 1928 in Wuhan, Hubei Province of the PRC with more than 1,400 professors and 59,000 students, and has expertise in various academic disciplines and has been ranked among the top 10 universities in China in the Shanghai Ranking's Academic Ranking of World Universities for 2022.

To record our long-standing collaboration, on 25 June 2017, we have entered into a legally binding strategic cooperation agreement with University A for a fixed term of five years from June 2017 to June 2022. We entered into a new strategic cooperation agreement with University A on 25 June 2022 to extend the term of cooperation from June 2022 to June 2025. Pursuant to such strategic cooperation agreement, it was agreed, among others, that where we initiate cooperative research projects in relation to the operation and development of the branding, advertising and marketing services industry based on our business needs, University A will assign its professors and students to participate in those research projects under the leadership of our R&D staff. For FY2020, FY2021, FY2022 and 4M2023, we incurred research costs payable to University A of approximately RMB7.9 million, RMB9.6 million, RMB7.9 million and RMB4.3 million, respectively, which was passed on to our customers in our service fees.

In general, upon request of our customers, we will engage certain research institutes to conduct market research and industry data analysis for the information required in devising and formulating a comprehensive service proposal for our customers. We typically enter into separate contract with these research institutes for each engagement and salient terms of such contract are set out below:

Contract term:	A fixed term from two months to 12 months depending on the specific requirements of the project.
Service provided:	Conduct market research and industry data analysis in accordance with the required methodology and prepare the relevant research report.
Consideration:	A fixed consideration from approximately RMB40,000 to RMB1.3 million during the Track Record Period.
Payment terms:	Generally payable by instalments upon (i) signing of the contract; (ii) completion of key stages; and (iii) our acknowledgement of the completion of the market research report.
Intellectual property rights and confidentiality:	Intellectual property rights of the market research report, including all underlying sources of information, analysis and conclusions (collectively, the "**Subject Information**"), belong to the research institutes. Nonetheless, during the confidentiality period (which generally ranging from three to five years), the research institutes are prohibited from providing the Subject Information to third parties in return of profits.

Termination: We are entitled to terminate the contract and demand for damages calculated at an agreed percentage of up to 20% of the consideration if: (i) the research institutes fail to complete the market research report within an agreed period; or (ii) the research institutes fail to complete the market research report in accordance with the agreed requirements and/or standards.

With the increasing demand from brand owners, advertisers and advertising agents to engage our Group for tailor-made branding, advertising and marketing services during the Track Record Period, we have joined force with the Journalism and Information Communication School of a renowned university with market research expertise in Central China in 2020 to establish Donghu Brand Institute* (東湖品牌研究院), which is jointly led by the associate dean and professor of the cooperated university together with the senior management of the Group, supported by experienced professional specialising in media and communication, industry experts, entrepreneurs, branding executives and scholars from renowned universities. As at the Latest Practicable Date, Donghu Brand Institute served as a knowledge hub dedicated for providing useful resources, information and updates on various branding and marketing related topics such as the latest industry trend for brand building and marketing innovation using digital technologies and the interrelationships between the sales performance and multi-dimensional branding, advertising and marketing strategies. Our Directors believe that our continued collaboration with a renowned university with market research expertise in Central China and the establishment of Donghu Brand Institute will enhance our market research capability and improve our brand awareness in front of our customers which will further improve our efficiency in attracting potential customers and providing our services.

IMPACT OF OUTBREAK OF COVID-19 ON OUR OPERATIONS

The PRC Government announced a number of measures in January 2020 with a view to containing the COVID-19 Outbreak, such as locking down major cities, imposing travel restrictions across cities and provinces, extension of the Lunar New Year public holiday and postponing the resumption of production in a wide spectrum of industries. As a result, our head office in Wuhan was temporarily closed on 22 January 2020 and we resumed work on 8 April 2020. The COVID-19 Outbreak led to the suspension of the business of our customers, thereby affecting their demand for our services. In the first half of 2022, new regional COVID-19 Outbreak has hit certain areas in China which subsequently spread to several other cities. To contain the spread of COVID-19, local governments imposed various restrictions on business and social activities, including travel restrictions, city lockdown and temporary shutdown of business operations across certain regions. As a result of the resurgence of COVID-19 Outbreak, we experienced a few days of delay in receiving the services provided by certain of our suppliers located in these affected areas in April 2022. However, we have been able to honour all of our obligations to the relevant customers within the agreed schedules.

Although our customers are mainly based in the PRC during the Track Record Period, our Directors, after careful and due consideration, confirm that the COVID-19 Outbreak in the first half of 2020 and 2022 did not have material adverse impact on the business, financial conditions and result of operations of our Group for the following reasons:

- During the Track Record Period and up to the Latest Practicable Date, (a) we had been able to honour all of our obligations under the existing purchase orders with our customers; and (b) we did not experience any cancellation of orders or termination of contracts by our customers due to the COVID-19 Outbreak;

- As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, we did not encounter any material disruption of our procurement of advertising resources in light of the COVID-19 Outbreak;

- whilst our business was affected temporarily in early 2020 in view of the COVID-19 Outbreak in the first half of 2020, our financial performance subsequently improved due to the effective control of COVID-19 in the PRC resulting in the increase in demand for our services. Our revenue increased from approximately RMB103.4 million for FY2020 to approximately RMB157.6 million for FY2021. While travel restrictions and city lockdown were imposed in certain regions in China during the first half of 2022, we strategically diverted our marketing efforts to other regions which were not or less impacted by the COVID-19 Outbreak and thus we recorded an increase in revenue from approximately RMB157.6 million for FY2021 to approximately RMB207.2 million for FY2022. During 4M2023, we recorded an increase in revenue from approximately RMB60.7 million for 4M2022 to approximately RMB75.0 million for 4M2023 as all business operations resumed to normal during 4M2023; and

- according to Frost & Sullivan, with the effective control of COVID-19, the market has gradually recovered since the second half of 2020, and basically returned to normal in 2021. With the impact of the COVID-19 Outbreak, (i) the placement of advertisement on online media platforms have gained prevalence from advertisers and brand owners in the PRC as it reaches more target audience compared with other offline media platforms; (ii) advertisers and brand owners have paid more attention to the effectiveness of advertising or marketing strategies; and (iii) there is growing demand for integrated branding, advertising and marketing service, which is conducive for the advertisers or brand owners to facilitating the implementation of their brand promotion strategies. As a result, in the event of future recurrence of COVID-19 Outbreak, the market is expected to remain resilient and maintain a stable development in the future mainly due to the growing demands for various services in integrated branding, advertising and marketing service market.

Although our Group generated the majority of our revenue from Hubei Province in FY2020, our Directors, after careful and due consideration, confirm that the lockdown of Wuhan and other major cities in Hubei Province in FY2020 due to the COVID-19 Outbreak did not result in material adverse impact on our Group's financial performance for the following reasons:

(i). in light of the COVID-19 Outbreak, we arranged with our essential staffs to work remotely on a rotational basis so that we are able to continue to provide services to our customers through telephone and electronic media. Further, we would generally maintain close and on-going communication and negotiation with our customers should there be a chance of delay of delivery of our service in order to reach a consensus with our customers on alternative service arrangements. As such, during the COVID-19 Outbreak, we had been able to honour all of our obligations under the existing purchase orders with our customers and we did not experience any cancellation of orders or termination of contracts by our customers due to the COVID-19 Outbreak;

(ii) our Group maintained close and on-going communication with the existing customers to understand their business conditions, demand on marketing services and the progress on the execution of advertising plans during the COVID-19 Outbreak in FY2020. Although our Group's ability to explore new customers through business trips was affected in the first half of 2020 due to the travel restrictions and city lockdown, our Group was of the view that the demand would pick up for some industries after the general stabilisation of COVID-19 such as daily necessities and/or healthcare-related industries including automobile manufacturing, healthcare food production, medicine manufacturing and household essentials manufacturing in the PRC and tourism industry. Thus, our Group focused on liaising and communicating with corporate clients in these industries to discuss their marketing plan, advertising strategies and execution. Accordingly, the revenue generated from these industries became the major source of our Group's revenue in FY2020; and

(iii). in view of the nature of our business, the advertising resources and research data and analysis procured by us can generally be transmitted in electronic means, and as such the procurement of the above resources and data is not affected by the breakdown of transportation network due to the lockdown of cities and travel restrictions. As confirmed by our Directors, we did not encounter any disruption of our procurement of advertising resources in light of the COVID-19 Outbreak.

Although our office in Wuhan was locked down from January 2020 to April 2020 due to the COVID-19 Outbreak, in view of the reasons above, there was no material adverse impact on our business operation during the period of lockdown and we recorded a significant increase in our revenue for the period subsequent to the lockdown. For the eight months ended 31 December 2020, our revenue amounted to approximately RMB97.4 million, representing an increase of approximately 68.8% as compared to the corresponding period in 2019.

EFFECTS OF THE COVID-19 OUTBREAK ON OUR BUSINESS STRATEGIES

While the integrated branding, advertising and marketing service market in the PRC may have experienced short-term slowdown as a result of the COVID-19 Outbreak, given the rapid development of the PRC's advertising market and the emergence of diversified advertising media including TV advertising, outdoor media advertising and online media advertising, we believe that the demand for integrated branding, advertising and marketing service will remain high. According to Frost & Sullivan, with the effective control of COVID-19 pandemic, the market has gradually recovered since the second half of 2020, and basically returned to normal in 2021. With the impact of COVID-19 Outbreak, (i) the placement of advertisement on online media platforms have gained prevalence from advertisers and brand owners in the PRC as it reaches more target audience than other offline media platforms; (ii) advertisers and brand owners have paid more attention to the effectiveness of advertising or marketing strategies; and (iii) there is growing demand for integrated branding, advertising and marketing service, which is conducive for the advertisers or brand owners to facilitating the implementation of their brand promotion strategies. As a result, in the event of future recurrence of COVID-19 Outbreak, the market is expected to remain resilient and maintain a stable development in the future mainly due to the growing demands for various services in the integrated branding, advertising and marketing service market. The integrated branding, advertising and marketing service market in the PRC is expected to maintain a rapid development, with the total expenditure reaching approximately RMB1,538.0 billion by the end of 2027, representing a CAGR of approximately 7.2% from 2023 to 2027. The outlook for the integrated branding, advertising and marketing service in China thus remains positive. With the control of COVID-19 in the second half of 2020, we did not experience (i) any material delay of projects or cancellation of orders or termination of contracts by our customers; (ii) any material delay or interruption in the supply of advertising media resources by our suppliers; or (iii) closure of our office due to the COVID-19 Outbreak since the second half of 2020 and up to the Latest Practicable Date. Although we experienced a few days of delay in receiving the services provided by certain of our suppliers located in certain affected areas due to the resurgence of the COVID-19 Outbreak in the first half of 2022, we have been able to honour all of our obligations to the relevant customers within the agreed schedules. In view of the stabilisation of the COVID-19 situation in the PRC and the growth potential of the integrated branding, advertising and marketing market in the PRC, we believe that our business strategies as discussed in the paragraph headed "Business strategies" in this section are feasible, and it is unlikely that there is a material impact on changing the use of the [**REDACTED**] from the [**REDACTED**] as disclosed in the section headed "Future Plans and [**REDACTED**]" in this document as a result of the COVID-19 Outbreak.

RESEARCH AND DEVELOPMENT

Our data analytical capabilities are crucial to our business operation, as our tailor-made service proposals relied, among others, on industry data and marketing information analysis. Therefore, we are committed to continually enhancing and innovating our services and technologies. Our R&D process primarily involves conducting market research and analysis, technical maintenance and software and information technologies development with the goal of improving the efficiency of our branding, advertising and event execution and production services. We utilised our own employees and engage third-party research institutes for R&D work.

Our R&D department is headed by Mr. Chen Cong (陳聰先生) who obtained a bachelor of electronic information engineering from the Wuhan Textile University. We had a dedicated R&D team consisting of 17 technical personnel as at 30 April 2023 with an average work experience of over five years. More than half of our R&D staff members hold college degrees or above.

As at the Latest Practicable Date, we had registered 85 computer software copyrights in the PRC which we believe not only have enhanced our ability to optimise our existing services, but also improved internal communication process, service process, and work efficiency. For further information relating to our material computer software copyrights, please refer to the paragraph headed "Appendix IV – Statutory and General Information – 6. Further information about our business – B. Our Intellectual property rights" in this document.

We entered into confidentiality agreements with our employees. We also outsourced certain R&D projects to third-party research institutes during the Track Record Period. When deciding whether to outsource a particular project to third-party research institutes or undertake the project internally, we primarily consider whether outsourcing the project would lead to higher efficiency and lower cost considering the nature of the project, our own capacities and the qualifications of the third-party research institutes. We also entered into agreements with such research institutes typically provided for confidentiality clauses under which such research institutes are not allowed to disclose project related information to others within a certain period of time.

Our R&D expenses were RMB4.7 million, RMB10.8 million, RMB17.5 million and RMB5.0 million for FY2020, FY2021, FY2022 and 4M2023, representing approximately 4.5%, 6.9%, 8.4% and 6.7% of our total revenue, respectively.

During the Track Record Period, as we mainly relied on third-party research institutes, industry consultants and marketing agencies to conduct market research and provide us with the relevant industry data and marketing information based on the specific business needs and marketing objectives of our customers, the data and information obtained by the Group were project specific and generally had smaller coverage focusing on limited types of industry segments. After [**REDACTED**], we plan to establish our branding data platform and R&D database in order to further enhance our service offering particularly in branding business and strengthen our data analytical capabilities, thereby increasing our customer stability and market competitiveness.

MARKET AND COMPETITION

According to Frost & Sullivan, the integrated branding, advertising and marketing service market in the PRC grew at a CAGR of 11.0% in terms of total expenditure from 2017 to 2022, and is expected to grow at a CAGR of 7.2% from 2023 to 2027, reaching approximately RMB1,538.0 billion by the end of 2027. Although there are a limited number of integrated branding, advertising and marketing service providers in Central China (i.e. approximately 20), there are approximately 190 integrated branding, advertising and marketing service providers in China. The major entry barriers of the integrated branding, advertising and marketing service market in the PRC include, among others, the demand of strong capabilities in integrating diversified services and various media resources across the value chain, database of different industries and strong data analytical capability to conduct market research and service proposals, and sufficient experience and high brand reputation with the long-term accumulation of proven track record.

We believe that the demand for integrated branding, advertising and marketing services in the PRC will continue to grow. According to Frost & Sullivan, along with the rapid development of PRC's advertising market and the emergence of diversified advertising media including TV advertising, outdoor advertising and online advertising, advertisers have higher requirements for tailored branding and marketing proposals which can satisfy their specific requirements such as marketing objective, evaluation of advertising results and budget. Riding on our market position as a branding, advertising and marketing service provider in Hubei Province, our Directors believe that we are well positioned to capture the growing demand in the integrated branding, advertising and marketing service industry in the PRC.

Our Directors believe that given our competitive strengths as set out in the paragraph headed "– Our Competitive Strengths" in this section, we are able to maintain our position in the integrated branding, advertising and marketing service market in Hubei Province, the PRC. For further information regarding the competitive landscape of the industry in which our Group operates, please refer to the section headed "Industry Overview" in this document.

ENVIRONMENTAL, OCCUPATIONAL HEALTH AND SAFETY MATTERS

Due to the nature of our business, we are not subject to any significant risks relating to environmental or occupational health and safety. As confirmed by our PRC Legal Advisers, we had not been subject to any fines or penalties due to non-compliance with laws or regulations relating to environmental protection or occupational health and safety in any material respect during the Track Record Period and up to the Latest Practicable Date.

QUALITY CONTROL

To ensure the quality of our services, we have established and maintained stringent quality control, assurance standards and inspection procedures at each critical step of our service delivery. In line with the nature of advertising industry, we carry out periodic monitoring and evaluations from planning, production and execution. Our media operation team is responsible for the periodic monitoring and ensuring that the advertisements and events are executed in accordance with our customer's instructions. For example, we will review summary report and carry out random inspection of advertising plan. To continuously enhance the provision of our branding, advertising and marketing services, we regularly review our performance by collecting feedbacks from our customers and suppliers as well as monitoring public responses for evaluation and marketing strategy formulation purposes. If there is any complaint or specific demand from our customers, our sales and business operation department will communicate with the relevant customers to understand and remedy the issue. During the Track Record Period, our Group did not receive any complaint from our customers which had materially and adversely affected our business nor did our Group pay any material compensation to our customers as a result of any complaint from our customers.

Customers in certain industries, such as healthcare products and pharmaceuticals and medical equipment, and other advertisement subject to review, by relevant government authorities are required to submit their advertisements to the relevant government authorities for examination prior to the broadcasting. As part of our services and to ensure the advertisements are in compliance with the applicable laws and regulations, we will request our customers to provide the relevant certification documents and permits issued by the relevant government authorities for checking, and forward the same to our suppliers for further examination.

AWARDS

As at the Latest Practicable Date, we had received the following key awards and recognitions relating to our business operation:

Year of Grant	Awardee	Award/Certification/Ranking	Issuing Authority
2022	Huashi Media	2022 Provincial 4th Batch Specialized, Sophisticated, Special and New Little Giant Enterprise* (2022年省級第四批專精特新小巨人企業)	Department of Economy and Information Technology of Hubei Province* (湖北省經濟和信息化廳)

Year of Grant	Awardee	Award/Certification/Ranking	Issuing Authority
2021	Huashi Media	China International Advertising Festival: 2021 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2021年度金夥伴獎)	Committees of the China International Advertisement Fair and the Advertiser Award* (中國國際廣告節AD Fair組委會及廣告主獎組委會)
	Huashi Media	China Level One Advertising Company Media Service* (中國一級企業「媒體」服務類)	China Advertising Association* (中國廣告協會)
	Huashi Media	Provincial Specialized, Sophisticated, Special and New Little Giant Enterprise* (省級專精特新小巨人企業)	Department of Economy and Information Technology of Hubei Province* (湖北省經濟和信息化廳)
2020	Huashi Media	China International Advertising Festival: 2020 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2020年度金夥伴獎)	Committees of the China International Advertisement Fair and the Advertiser Award* (中國國際廣告節AD Fair組委會及廣告主獎組委會)
	Huashi Media	High and New Technology Enterprise Certificate* (高新技術企業證書)	Science and Technology Department of Hubei Province* (湖北省科學技術廳), Department of Finance of Hubei Province* (湖北省財政廳) and Hubei Province National Tax Bureau* (國家稅務總局湖北省稅務局)
	Huashi Media	China Level One Advertising Company: Media Service* (中國廣告一級企業「媒體」服務類)	China Advertising Association* (中國廣告協會)
	Huashi Media	Enterprise Credit Rating AAA Credit Enterprise* (企業信用評級AAA級信用企業)	China Business Integrity Public Service Platform* (中國商務誠信公共服務平台)

Year of Grant	Awardee	Award/Certification/Ranking	Issuing Authority
2018	Huashi Media	Macau International Advertising Festival: 2017-2018 Most Influential Communication Company* (澳門國際廣告節2017-2018年度中國最具影響力傳播公司)	Organizer Committee of Macau International Advertising Festival* (澳門國際廣告節組委會)
2017	Huashi Media	High and New Technology Enterprise Certificate* (高新技術企業證書)	Science and Technology Department of Hubei Province* (湖北省科學技術廳), Department of Finance of Hubei Province* (湖北省財政廳), Hubei Province National Tax Bureau* (湖北省國家稅務局) and Hubei Province Local Tax Bureau* (湖北省地方稅務局)
	Huashi Media	Macau International Advertising Festival: 2016-2017 The Most Branded Advertising Communication Company in Mainland China* (澳門國際廣告節2016-2017年度中國內地最具品牌力廣告傳播公司)	Organizer Committee of Macau International Advertising Festival (澳門國際廣告節組委會)
2016	Huashi Media	Strategic Cooperation Partner of the "Five Star Alliance"* ("五星聯盟"戰略合作夥伴)	Guangdong Weishi* (廣東衛視), Henan Weishi* (河南衛視), Hubei Weishi* (湖北衛視), Liaoning Weishi* (遼寧衛視) and Sichuan Weishi* (四川衛視)

LICENCES, PERMITS AND APPROVALS

The regulatory and legal systems of the integrated branding, advertising and marketing service market in the PRC are set out in the section headed "Regulatory Overview" in this document. As at the Latest Practicable Date, we have obtained the following licences for our business operations:

Licence	Holder	Issuing authority	Date of issue	Date of expiration
Business licence	Huashi Brand Management	Wuhan Wuchang Administration for Market Regulation* (武漢市武昌區市場監督管理局) ("**Wuchang AMR**")	7 April 2021	31 March 2046
Business licence	Huashi Media	Wuchang AMR	23 February 2011	N/A*(Note)*
Business licence	Wuyuan Fujie	Beijing Chaoyang Administration for Market Regulation* (北京市朝陽區市場監督管理局)	5 February 2018	4 February 2038
Business licence	Dabieshan Culture	Macheng Administration for Market Regulation* (麻城市市場監督管理局)	7 April 2017	6 April 2037
Business licence	Huashi Chuangxiang	Wuhan Wuchang Bureau of Administrative Examination and Approval* (武漢市武昌區行政審批局)	26 December 2012	N/A*(Note)*

Note: As advised by our PRC Legal Advisers, a "N/A" for a business licence means that it does not impose a time limit on the operation period of a company for so long as the company remains in good standing and compliance with the relevant PRC laws and regulations.

As advised by our PRC Legal Advisers, we have obtained all the requisite licences, permits and approvals necessary to conduct our business operations in the PRC during the Track Record Period and up to the Latest Practicable Date in all material respects.

During the Track Record Period, we have not encountered any difficulty or rejection in obtaining or renewing the requisite licences, permits and approvals necessary to conduct our business operations. Our Directors and our PRC Legal Advisers are of the view that, provided we comply with the then applicable laws and regulations and submit all the documentation required in a timely manner and taken all proper administrative steps, there will be no substantial legal impediment for us to renew all such licences, permits and approvals in the future for our business operations in the PRC.

EMPLOYEES

As at 30 April 2023, we had a total of 184 full-time employees, all of which are stationed in the PRC. The table below sets out a breakdown of our full-time employees by functions:

	As at 30 April 2023
Strategic formulation (企劃部)	76
Sales and business operation (銷售業務部)	33
Media operation (媒介部)	34
R&D (技術研發部)	17
Finance and accounting (財務部)	11
Administration and human resources (行政人事部)	8
Management (總經辦)	5
Total	184

Labour contract, remuneration and welfare contribution

We enter into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration package we offered to our employees includes basic salary and discretionary bonuses. In general, we determine our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, our financial performance and market wages. We generally review the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions annually. For FY2020, FY2021, FY2022 and 4M2023, our total staff costs were approximately RMB8.1 million, RMB11.5 million, RMB14.8 million and RMB6.7 million, respectively.

In accordance with relevant national and local social welfare laws and regulations in the PRC, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance, unemployment insurance, occupational injury insurance, medical insurance, maternity insurance and housing provident fund. We have complied with the applicable labour laws and regulations in all material respects in respect of statutory welfare or mandatory contributions required of us as an employer in the PRC where we had business operations during the Track Record Period and up to the Latest Practicable Date. For further details on applicable labour laws and regulations of the PRC, please refer to the paragraph headed "Regulatory Overview – PRC laws and regulations on labour protection" in this document.

Recruitment policy and training

We recruit additional personnel upon receiving requests from the department heads or his/her authorised personnel of our Group. We generally recruit our employees by, among others, posting job recruitment notices on recruitment websites. We evaluate the suitability of the applicants with reference to factors such as their work experience, technical skills and qualifications.

We provide training for our employees to enhance their knowledge, skills and capability relevant to the advertising industry. All of our new hires will be provided with an induction training to familiarise themselves with our Group, followed by on-the-job training based on departmental needs and our business development strategies. We also provide promotion opportunities for capable and suitable employees as we have policies and procedures setting out the assessment criteria for promotion.

Employee relations

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material disruption to the operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of staff. We believe that our relationship with our employees is satisfactory and our management policies, working environment, career prospects and benefits extended to our employees have contributed to employee retention and the building of amicable employee relations.

INSURANCE

In addition to the mandatory social insurance we maintain for our employees, we maintain property insurance policies for our vehicles that cover losses and third-party liabilities arising from car accidents. Considering the practice in the industry and the insurance taken out by us, our Directors are of the view that we have maintained adequate insurance coverage for our assets and business operation. We will review and assess our risks and make necessary adjustments to our insurance coverage in line with our needs and industry practice in the PRC. During the Track Record Period and up to the Latest Practicable Date, we had not made or been subject to any material claims under our insurance policies, and there was no insurance claim that had given or will give material impact on the insurance premiums to be paid by us in the future.

We have not maintained any insurance policies in respect of third-party liability claims on the advertisements placed by us for our customers. As advised by our PRC Legal Advisers, there is no mandatory requirements under the applicable laws and regulations of the PRC for advertisers or advertising services providers including us to maintain any insurance policies in respect of the aforesaid third-party liability claims. Further, according to Frost & Sullivan, it is also a industry norm that advertisers or advertising services providers including us generally do not maintain insurance policies in respect of such third-party liability claim.

PROPERTY

As at the Latest Practicable Date, we did not own any properties.

As at the Latest Practicable Date, we had leased two properties for office use from Independent Third Parties in Hubei and were granted free use of three properties as our correspondence addresses in Hubei and Beijing by Independent Third Parties:

	Landlord	Location	Usage	Approximate gross floor area	Duration of tenancy	Annual rent (exclusive of disbursement)
1	Wuhan Wuchang Property Corporation* (武漢市武昌區房地產公司) ("**Wuchang Property**") *(Note 1)*	First Floor, Building 2, Aquatic Science and Technology Garden, No. 1 East Yard, Chagang New Village, Luojiashan, No. 7, Donghu South Road, Wuchang District* (武昌區東湖南路7號珞珈山茶港新村東院1號水生科技苑2棟第一層) ("**Property 1**")	Office of Huashi Media in Wuhan	1,690 sq.m.	From 1 July 2021 to 31 March 2029	Annual rent of RMB1,326,312 for the first and second year, annual rent of RMB1,547,364 for the third to seventh year, annual rent of RMB1,160,523 for the eighth year
2	Zeng Junwen (曾俊文) and Yu Guilian (喻貴蓮)	147 West Ring North Road, Orchard Field, Macheng City* (麻城市果園場西環北路147號)	Office of Dabieshan Culture in Macheng	100 sq.m.	11 March 2021 to 11 March 2024	RMB10,000
3	Wuchang Property *(Note 2)*	No. 02, First Floor, Building 2, Aquatic Science and Technology Garden, No. 1 East Yard, Chagang New Village, Luojiashan, Wuchang District* (武昌區珞珈山茶港新村東院1號水生科技苑2棟第一層02號)	Correspondence address *(Note 5)*	100 sq.m.	From 31 August 2023 to 31 December 2028	Rent free *(Note 2)*
4	Wuchang Property *(Note 3)*	No. 07, First Floor, Building 2, Aquatic Science and Technology Garden, No. 1 East Yard, Chagang New Village, Luojiashan, Wuchang District* (武昌區珞珈山茶港新村東院1號水生科技苑2棟第一層07號)	Correspondence address *(Note 5)*	100 sq.m.	From 31 August 2023 to 31 December 2028	Rent free *(Note 3)*

	Landlord	Location	Usage	Approximate gross floor area	Duration of tenancy	Annual rent (exclusive of disbursement)
5	Beijing Hong Zhuo Information Technology Co., Ltd. (北京泓灼信息技術有限公司)	Room 147, 1/F Block B, Chuang Ye Development Centre, No. 12 Yu Shun Road, Gui Fa Town, Da Xing District, Beijing* (北京市大興區檜垈鎮榆順路12號創業發展中心B座一層147室)	Correspondence address (*Note 5*)	300 sq.m.	23 October 2022 to 16 September 2025	Rent free *(Note 4)*

Notes:

1. The Institute of Hydrobiology Chinese Academy of Science* (中國科學院水生生物研究所) is the owner of such property which was leased to Wuchang Property and agreed Wuchang Property to sub-lease the property to our Group.

2. This leased premises is a sub-unit of Property 1. Pursuant to the confirmation letter issued by Huashi Media dated 31 August 2023, Huashi Media agreed to provide this leased premises to Huashi Chuangxiang for its correspondence address for free during the period from 31 August 2023 to 31 December 2028.

3. This leased premises is a sub-unit of Property 1. Pursuant to the confirmation letter issued by Huashi Media dated 31 August 2023, Huashi Media agreed to provide this leased premises to Huashi Brand Management for its correspondence address for free during the period from 31 August 2023 to 31 December 2028.

4. A one-off payment of RMB12,000 was payable by our Group upon signing of the tenancy agreement. No rent was payable by our Group during the term of the lease.

5. During the Track Record Period and up to the Latest Practicable Date, we had no business operation nor any operating team members in such correspondence addresses.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant difficulty in renewing our leases in a timely manner. As at the Latest Practicable Date, we had not registered the leases relating to the office of Huashi Media in Wuhan, the office of Dabieshan Culture in Macheng and the office of Wuyuan Fujie in Beijing.

As advised by our PRC Legal Advisers, we have the right to use the leased properties according to the relevant lease agreements. As advised by our PRC Legal Advisers, non-registration of these leases will not affect the validity or enforceability of such leases, but we could be subject to a fine ranging from RMB1,000 to RMB10,000 in respect of each lease agreement that is not registered should we fail to effect the registration of the lease agreements upon request by the relevant authority. As at the Latest Practicable Date, we had not received any such request from the relevant government authorities, nor had we been fined by any regulatory authorities for non-registration of any of our lease agreements.

In addition, our Controlling Shareholders have executed a Deed of Indemnity in favour of our Group whereby they will indemnify each member of our Group against all claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered by or incurred by our Group as a result of, directly or indirectly or in connection with, the non-registration of these leased properties.

INTELLECTUAL PROPERTY RIGHTS

We recognise the importance of protecting our intellectual property rights. We maintain registration of intellectual property rights that are material to our business operation under appropriate categories and in appropriate jurisdictions.

As at the Latest Practicable Date, we have registered one trademark in Hong Kong and one trademark in the PRC. In addition, we had registered 85 computer software copyrights in the PRC which are, in the opinion of our Directors, material to our business. We also registered two domain names, namely youmeimu.com and dabie3.com. For further information relating to our intellectual property rights, please refer to the paragraph headed "Appendix IV – Statutory and General Information – 6. Further information about our business – B. Our intellectual property rights" in this document.

As at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by any third party; or (ii) by any third party of any intellectual property rights owned by our Group. Our Directors also confirmed that during the Track Record Period, there had not been any pending or threatened claims against our Group, nor has any claim been made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, (i) we and our Directors were not a party to any material litigation, arbitration or administrative proceeding that could have a material adverse effect on our financial position or results of operations; and (ii) to the best of our knowledge, no such material litigation, arbitration or administrative proceedings have been threatened against us or any of our Directors.

NON-COMPLIANCE

Save for the non-compliance incidents described below, our PRC Legal Advisers have confirmed that we have complied with all relevant PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

NEEQ Non-compliance Incidents

(1) Particulars of the non-compliance

Huashi Media provided short-term loans to its related parties (the "**Loan Advances**"), including Mr. Chen and Ms. Xue, in breach of the relevant PRC laws and regulations and the internal rules and measures of Huashi Media between January 2016 and June 2016 (the "**Period of Advances**"), and did not make disclosure in a timely manner in relation to such continuing connected transactions (the "**Non-compliance Incidents**").

The loans advanced to Mr. Chen in the amount of RMB1,377,000 were repaid in full in July 2016, while that advanced to Ms. Xue in the amount of RMB60,000 was repaid in full in March 2016. In August 2016, Mr. Chen and Ms. Xue paid interests on such loans in the amount of RMB6,811.99 and RMB324.1, respectively, which were determined based on the then prevailing bank lending rates.

In early 2016 after becoming listed on the NEEQ, in order to accommodate the future business needs and to strengthen its brand image so as to facilitate business development with its customers, Huashi Media was considering to purchase a luxury motor vehicle to chauffeur its customers. However, as the utilization of such motor vehicle would not be very frequent as it was not intended for daily client usage, and the price and other associated costs for the purchase of a luxury motor vehicle would be relatively high for Huashi Media at that time, it was not cost-efficient for Huashi Media to do so. On the other hand, Mr. Chen was of the view that such motor vehicle would be beneficial to Huashi Media for its brand building and business development with its customers, and it was decided in the end that Mr. Chen would purchase the motor vehicle by himself so that Huashi Media would not have to bear the purchase costs, and Mr. Chen would rent the motor vehicle to Huashi Media for free such that Huashi Media could use the motor vehicle for its business needs. Given that the motor vehicle was intended to be shared with Huashi Media for transportation purposes, Mr. Chen also partly funded the purchase of the motor vehicle through loans from Huashi Media.

Separately, around the same period, Huashi Media was considering the development of new business services in respect of branding services and online media advertising services, and wished to preliminarily explore the feasibility of and interest in such services with its suppliers, existing customers and potential customers. Accordingly, Huashi Media held two reception events in April and July 2016 with its suppliers, existing customers and potential customers to gather relevant feedback from them, and Mr. Chen applied part of the Loan Advances made to or on behalf of him for the entertainment expenses in connection with these two reception events. Certain amount of Loan Advances were borrowed by Ms. Xue, Mr. Wang Ming, Mr. Zhang Feng, Ms. Cheng Xi and Mr. Chen Xudong on behalf of Mr. Chen to settle any relevant costs and expenses to be incurred during such occasions when they were instructed by Mr. Chen to assist with the organization of the relevant business development and network building activities at such times when Mr. Chen was busy with other commitments.

Ms. Xue, who was then also a director of Huashi Media and was assigned with the task of building business relationship and networking with customers of Huashi Media, also at her own initiative separately organized a reception event with the potential customers in early 2016, and the Loan Advances in the aggregate amount of RMB60,000 made to Ms. Xue were applied for the entertainment expenses in connection with such reception event.

The Loan Advances to Mr. Chen and Ms. Xue were subject to the articles of association of Huashi Media (the "**Huashi Articles**"), the Connected Transaction Management Measures (關聯交易管理辦法) of Huashi Media (the "**Connected Transaction Measures**"), the Business Rules of the NEEQ (for Trial Implementation) (全國中小企業股份轉讓系統業務規則(試行)) (the "**Business Rules**") and the then effective Detailed Rules of the NEEQ on Information Disclosure of Listed Companies (for Trial Implementation) (全國中小企業股份轉讓系統掛牌公司信息披露細則(試行)) (the "**Disclosure Rules**"), with details as follows:

(i) according to Article 40 of the Huashi Articles that was effective during Huashi Media's listing on the NEEQ, Huashi Media shall not provide funds, goods, services or other assets to its shareholders or actual controllers free of charge or under obviously unfair conditions. The transaction of providing funds, goods, services or other assets between Huashi Media and its shareholders or actual controllers shall perform the deliberation procedures of the board meeting and general meeting in strict accordance with the decision-making system on connected transactions. Although Huashi Media did not hold any formal board meeting or formal shareholder meeting to approve the Loan Advances, the then directors and shareholders of Huashi Media confirmed that they had been informed by Mr. Chen of the plans to purchase the aforesaid vehicle and that the vehicle purchased by Mr. Chen was funded by the Loan Advances and none of the then directors or shareholders objected to such plan at the relevant time;

(ii) according to Article 14 of the Connected Transaction Measures that was effective during its listing on the NEEQ, Huashi Media shall not provide loans to its directors, supervisors and senior management either directly or through any of its subsidiaries;

(iii) according to Article 4.1.4 of the Business Rules, the controlling shareholders, actual controllers and other enterprises under their control shall effectively ensure the independence of NEEQ-listed companies, and shall not make use of their shareholder rights or actual control to directly or indirectly misappropriate the funds and assets of the NEEQ-listed companies through connected transactions, disbursements, guarantees and otherwise, and infringe the rights and interests of the NEEQ-listed companies and other shareholders; and

(iv) according to Article 46 of the then effective Disclosure Rules, in case of any fund appropriation by controlling shareholders, actual controllers or related parties, a NEEQ-listed company shall disclose within two business days from the date of occurrence.

Based on the above, as advised by our PRC Legal Advisers, the Loan Advances are considered to be Non-compliance Incidents due to the following reasons:

(i) the provision of short-term loans by Huashi Media to Mr. Chen and Ms. Xue did not go through the internal approval procedures on connected transactions, which was not in compliance with the Huashi Articles;

(ii) the provision of short-term loans by Huashi Media to Mr. Chen and Ms. Xue were not allowed under the Connected Transaction Measures, and led to the appropriation of Huashi Media's funds by related parties, which was in breach of the Connected Transaction Measures and the Business Rules; and

(iii) after occurrence of such fund appropriation, Huashi Media did not make disclosure in a timely manner, which was in breach of the then effective Disclosure Rules.

We became aware that the Non-compliance Incidents were in breach of the relevant PRC laws and regulations and internal rules and measures of Huashi Media in July 2016 during the preparation of the interim results of Huashi Media for the six months ended 30 June 2016 when we were informed of the breach by our sponsoring broker who was responsible for supervising Huashi Media to ensure its compliance with the rules of the NEEQ and timely disclosure of relevant information. Our sponsoring broker had also advised us on the rectification measures taken for the Non-compliance Incidents subsequent to the occurrence thereof.

Thereafter, on 19 August 2016, Huashi Media, its then controlling shareholders, actual controller, directors, supervisors and senior management, including Mr. Chen and Ms. Xue, made an undertaking (the "**Undertaking**") as follows:

(i) Huashi Media shall from the date of the Undertaking strictly regulate matters in accordance with the Huashi Articles and the applicable PRC laws and regulations to prevent the funds of Huashi Media and its subsidiaries from being appropriated by any related parties, and promptly perform any information disclosure obligations. In the event that Huashi Media and its subsidiaries become subject to any claims by third parties or any penalties imposed by the relevant authorities or the National Equities Exchange and Quotations Co., Ltd.* (全國中小企業股份轉讓系統有限責任公司) ("**NEEQ Co., Ltd.**") as a result of any funds of Huashi Media and its subsidiaries being appropriated by related parties, Huashi Media shall urge such related parties to compensate all losses suffered by the relevant parties; and

(ii) the controlling shareholders, actual controller, directors, supervisors and senior management of Huashi Media undertook from the date of the Undertaking that they, their close relatives and their other directly or indirectly controlled companies shall not by any way, appropriate the funds of Huashi Media and its subsidiaries, and shall strictly comply with and procure Huashi Media and its management to comply with the Huashi Articles and applicable PRC laws and regulations.

The Undertaking did not provide for a specific duration. Our PRC Legal Advisers are of the view that the Undertaking shall be valid during Huashi Media's listing on the NEEQ and shall no longer be effective upon Huashi Media's delisting from the NEEQ.

(2) Reasons for the non-compliance

The Non-compliance Incidents occurred primarily because at the material time, our then directors of Huashi Media were not fully aware of the requirements under the relevant PRC laws and regulations considering that Huashi Media only became listed on the NEEQ in January 2016. Mr. Chen and Ms. Xue were not aware that the Loan Advances were not permitted by relevant PRC laws and regulations and the internal rules and measures of Huashi Media and that, once occurred, it should be disclosed in the form of announcement in accordance with the Disclosure Rules which was effective at the time when the Loan Advances took place. Therefore, the Non-compliance Incidents were unintentional, and not due to any material deficiencies in our internal control system or any dishonesty or fraudulent act on the part of our Directors and senior management.

(3) Legal consequences and maximum potential penalty

As advised by our PRC Legal Advisers, under the Measures for Supervision and Administration of Unlisted Public Companies (Revision 2013) (非上市公眾公司監督管理辦法(2013年版)), which was applicable to Huashi Media given that Huashi Media was not listed on a stock exchange during the period when it was listed on the NEEQ, if companies and other information disclosure obligors fail to disclose information as required or disclose information with false records, misleading statements or material omissions, they shall be subject to punishment in accordance with Article 193 of the Securities Law of the PRC. Accordingly, they shall be ordered to rectify, be given a warning, and shall, in addition, be fined not less than RMB300,000 but not more than RMB600,000. Each of the persons directly in charge of and other persons directly responsible for the relevant information disclosure shall be given a warning and shall, in addition, be fined not less than RMB30,000 but not more than RMB300,000.

According to the Business Rules and the Disclosure Rules, where there is any violation of the Business Rules and the Disclosure Rules, NEEQ Co., Ltd. has the discretion to impose any disciplinary and regulatory measures against any companies listed on the NEEQ, their directors and senior management, including but not limited to making explanation and disclosure of any non-compliances, issuing written undertakings, circulating a notice of criticism, being publicly censured, and rectifying the breach.

According to Article 29 of the then effective Interim Measures for the Administration of NEEQ Co., Ltd. (全國中小企業股份轉讓系統有限責任公司管理暫行辦法), NEEQ Co., Ltd. may adopt self-discipline regulatory measures according to law and report to the CSRC for record if the relevant parties were found to have violated laws, regulations and business rules; and where the violations shall be investigated and dealt with by the CSRC in accordance with the law, NEEQ Co., Ltd. shall suggest the CSRC to investigate and deal with the cases.

According to Article 14 of the then effective Measures of the NEEQ for the Implementation of Self-discipline Regulatory Measures and Disciplinary Sanctions (for Trial Implementation) (全國中小企業股份轉讓系統自律監管措施和紀律處分實施辦法(試行)), in handling the self-discipline regulatory matters, if NEEQ Co., Ltd. finds the relevant matters do not fall within the scope of its self-discipline regulatory responsibilities, it shall transfer such matters to the competent authority according to law.

Our PRC Legal Advisers advised that up to the Latest Practicable Date, Huashi Media, Mr. Chen, Ms. Xue, our other Directors and senior management have not received any notice, letter of intent or letter of decision for disciplinary sanctions, letter of decision on self-discipline regulatory measures, or notice of transferring any matters to the CSRC or any other competent authority issued by NEEQ Co., Ltd., nor have they been subject to any investigation or administrative punishment in relation to the Loan Advances imposed by the CSRC or any other competent authority in relation to the Non-compliance Incidents.

(4) Potential operational and financial impact on our Company

Our Directors are of the view that we will not be subject to any punishment by the relevant regulatory authorities due to the Non-compliance Incidents and there is no adverse operational and financial impact on our Company on the basis that:

(i) all the loans involved in the Non-compliance Incidents were fully repaid to Huashi Media together with interest paid at the market rate;

(ii) the Non-compliance Incidents have been rectified;

(iii) we have not been subject to any punishment by the relevant regulatory authorities, including but not limited to the CSRC and NEEQ Co., Ltd., due to the Non-compliance Incidents;

(iv) during the process of delisting of Huashi Media from NEEQ, the relevant regulatory authorities had not raised any concern as to the Non-compliance Incidents;

(v) our Directors are not aware of any ongoing investigation conducted by the relevant regulatory authorities or claims made by other third parties in relation to the Non-compliance Incidents;

(vi) our PRC Legal Advisers advised that the risk of the relevant authorities imposing further punishment or penalties on us is remote considering that:

(a) all the loans involved in the Non-compliance Incidents were fully repaid to Huashi Media together with interests;

(b) the Non-compliance Incidents and the remedial actions were confirmed and approved by the board meeting and general meeting of Huashi Media and relevant announcements were disclosed on the official website of the NEEQ immediately after Huashi Media became aware of it, while the relevant regulatory authorities had not imposed any punishment on Huashi Media;

(c) the relevant regulatory authorities had not raised any concern as to the Non-compliance Incidents during the process of and after Huashi Media's delisting from the NEEQ;

(d) as at the Latest Practicable Date, Huashi Media and its shareholders, directors, supervisors and senior management have not received any notice, letter of intent or letter of decision for disciplinary sanctions, letter of decision on self-discipline regulatory measures, or notice of transferring any matters to the CSRC or any other competent authority issued by NEEQ Co., Ltd., nor have they been subject to any investigation or administrative punishment in relation to the Loan Advances imposed by the CSRC or any other competent authority;

(e) our PRC Legal Advisers made telephone inquiries with NEEQ Co., Ltd and were advised that (1) NEEQ Co., Ltd. would review all announcements published by NEEQ-listed companies on the NEEQ website, and if no punishment, disciplinary measures or sanctions were imposed on the NEEQ-listed company at that time, the NEEQ-listed company will not be subject to any further investigation or punishment after its delisting from the NEEQ; (2) the Non-compliance Incidents were only required to be disclosed on the NEEQ website, and did not fall under the regulation of the CSRC; and (3) Huashi Media was no longer governed by NEEQ Co., Ltd subsequent to its delisting and therefore NEEQ Co., Ltd will not impose any punishment and disciplinary measures against Huashi Media and the relevant persons as a result of the Non-compliance Incidents which occurred during the time of its listing on the NEEQ; and

(f) no record of investigations, administrative punishments, disciplinary sanctions or self-discipline regulatory measures were found in relation to Huashi Media, Mr. Chen and Ms. Xue based on the Company's confirmation and independent searches on the websites of the CSRC and NEEQ Co., Ltd.; and

(vii) pursuant to the written confirmation issued by China Securities Regulatory Commission Hubei Supervision Bureau ("**Hubei CSRC**") to Huashi Media, the Hubei CSRC confirmed that (a) the Non-compliance Incidents were not a material breach of the relevant PRC laws and regulations; and (b) the Non-compliance Incidents happened in 2016 which had exceeded the timing limitations (being within two years after the happening of the event) of imposing administrative penalties under the Law of the People's Republic of China on Administrative Penalty (《中華人民共和國行政處罰法》), as a result of which no further publishment or penalties in relation to the Non-compliance Incidents will be imposed.

(5) Measures for rectification and enhancement of internal control

The following measures for rectification were taken subsequent to the Non-compliance Incidents:

(i) the loans involved were fully repaid by Mr. Chen and Ms. Xue to Huashi Media, together with interests;

(ii) remedial actions for the Non-compliance Incidents were considered and approved at the board meeting of Huashi Media held on 18 August 2016 (the "**Board Meeting**") and the general meeting of Huashi Media held on 5 September 2016 (the "**General Meeting**"), in which Mr. Chen and Ms. Xue had abstained from voting and the independent board and shareholders of Huashi Media confirmed and approved the Loan Advances;

(iii) Huashi Media, its then controlling shareholders, actual controller, directors, supervisors and senior management, including Mr. Chen and Ms. Xue, made the Undertaking;

(iv) Huashi Media disclosed (i) the resolutions passed at the Board Meeting and the announcement regarding the Non-compliance Incidents and the remedial actions on 19 August 2016; and (ii) the resolutions passed at the General Meeting on 6 September 2016, on the official website of the NEEQ according to the Disclosure Rules; and

(v) we have provided training to our Directors including but not limited to directors' responsibilities and the compliance of the applicable rules on connected transactions which covered any advances made to related parties under the Listing Rules and the Articles, and will provide continuous training to our Directors from time to time, as and when necessary.

As advised by our PRC Legal Advisers, according to the then effective Disclosure Rules, the Business Rules and the Business Guide for Follow-up Information Disclosure of NEEQ-listed Companies (for Trial Implementation) (全國中小企業股份轉讓系統掛牌公司持續信息披露業務指南(試行)), (a) Huashi Media was required to disclose the Non-compliance Incidents in the form of announcement on the NEEQ website, but was not required to perform any other reporting procedures to NEEQ Co., Ltd.; and (b) NEEQ Co., Ltd. shall review the information disclosed by the NEEQ-listed company. If it is found that the information disclosure documents do not comply with the relevant rules of NEEQ, feedbacks will be sent to the sponsoring broker through the information disclosure system, and hence Huashi Media did not obtain any positive confirmation from NEEQ that they were aware of the Non-compliance Incidents. Therefore, given that Huashi Media has disclosed the Non-compliance Incidents in the form of announcement on the NEEQ website and has not received any feedback from NEEQ Co., Ltd. or its sponsoring broker, it could be considered as that NEEQ Co., Ltd. has acknowledged the Non-compliance Incidents and has no opinion on such disclosure.

Subsequent to the Period of Advances and up to the Latest Practicable Date, no further loan was made to related parties of Huashi Media without going through the requisite internal procedures. Since the adoption of the above rectification measures, there have not been any recurrences of similar breaches of the relevant PRC laws and regulations during anytime when Huashi Media was listed on the NEEQ.

Other than the measures for rectification and enhancement of internal control that we immediately undertook after the Non-compliance Incidents as stated above, we have also implemented the following recommendations with effect from 1 June 2021 to enhance our internal control system, which include:

(a) the adoption of a series of preventive and detective internal control measures comprising the segregation of duties on authorising execution, monitoring and book keeping function of our Company's funds:

(i) our Group has further adopted the Connected Transaction Policy in preparation for the [**REDACTED**], which imposes a more stringent control on the use of funds of our Group, and prohibits loan to our controlling shareholders, actual controller and related parties for any purpose if the relevant person is not an employee or a Director of our Group;

(ii) if our Group's controlling shareholders, actual controller and related parties are employee or Director(s) of our Group, any fund advances by our Group to them will be subject to the internal controls as specified in sub-paragraphs (iii) to (xv) below;

(iii) the requesting staff (the "**Borrower Staff**") who applies for a money advance shall file a money advance form (the "**Money Advance Form**"), which shall set out, among others, the amount being applied for and the details of the reason and usage of money advance;

(iv) subject to sub-paragraph (v) below, the Money Advance Form shall be properly approved and signed by (a) our department manager who supervises the Borrower Staff and confirms the background, reasons and business needs of the money advance to ensure that the money advance is for our Group's business needs; (b) our finance manager; and (c) our executive Director of our Group;

(v) in the event that the money advance is made to any one of our executive Directors, the relevant Money Advance Form shall be approved and signed by all other executive Directors and the finance manager;

(vi) if the amount of any money advance of a single Borrower Staff or an executive Director is over RMB100,000, further approval from our Board (including all our executive Directors and independent non-executive Directors, except the director to whom the money advance is made) is required. The Money Advance Form shall be sent to all of our Directors for their information and signing;

(vii) the aforesaid personnel mentioned in sub-paragraphs (iv) to (vi) above who are involved in the approval process of money advance shall keep a record of the materials and/or supporting documents considered by them when approving the money advance;

(viii) our Group's finance staff would only execute the payments in accordance with the duly authorised and approved Money Advance Form;

(ix) the Borrower Staff shall submit valid supporting documents including but not limited to receipt records (e.g. supplier invoices and pay slips) clearly showing the amount, price and nature of goods or services purchased, to support the money advance to the finance department within one month after the date of receipt of the money advances from our Group;

(x) our Group's finance staff shall check the supporting documents submitted to ensure that these documents are consistent with the details stated in the approved Money Advance Form. Our finance staff shall then prepare for the payment vouchers and record the relevant expenses in the accounting system accordingly;

(xi) all the money advances applied and approved, the transaction amounts stipulated in the relevant supporting documents indicating what the funds are used for, and/or funds returned by the Borrower Staff shall be recorded in the money advance register by our Group's finance staff on a daily basis and will be counter-checked by our Group's finance manager on a weekly basis against receipt records and bank payment advice. On a monthly basis, the finance supervisor (currently Mr. Zhang Bei, who is also one of our executive Directors) shall check the accounting ledger against the money advance register and reconcile any difference;

(xii) our finance manager is responsible for, on a monthly basis, closely monitoring the status and usage of the money advance as well as the status of the submission of supporting documents or return of the money advances. If any long outstanding money advance is identified, he shall inform all of our executive Directors by email. Our executive Directors shall follow up with the Borrower Staff and his/her department manager for the long outstanding money advance, obtain and verify the reason for the delay in the submission of supporting documents or return of the money advances. Depending on the decision of our executive Directors, he/she might request the Borrower Staff to return the money advance immediately or grant a time extension for the submission of supporting documents or return of the money advances. Our finance manager will be informed by our executive Directors in email for such decision and is responsible for the follow-up work, such as issue of warning letter and collection of the money advance return in accordance with procedure described in sub-paragraphs (xiii) below, or update of money advance register in case the extension is granted etc;

(xiii) the finance supervisor (currently Mr. Zhang Bei) shall report any unauthorised use of the loan advances to our Board. Our Group will request the Borrower Staff to make full repayment of the money advances, together with interest that is determined based on the prevailing bank lending rates immediately. Our Group will also issue warning letter to the staff concerned, and might consider taking further actions, including reporting to the police and/or commencing legal action as appropriate;

(xiv) if the previous money advances are not properly supported with valid supporting documents by the Borrower Staff, and/or the Borrower Staff fails to fully return the unused balance of money advances to our Group in a timely manner, further money advances will not be made to the Borrower Staff. In addition, our Group will issue the warning letter to the staff concerned. If the money advances are still not returned immediately and/or supported with valid supporting documents, our Group might consider taking further actions, such as reporting to the police and/or commencing legal action as appropriate;

(xv) our Group's internal audit function will be established upon the [**REDACTED**] to evaluate the effectiveness of the money advance approval and monitoring process as well as to detect any deviations between the current practice and our Group's policies and codes on a regular basis, at least once a year; and

(b) in connection with the above measures, establishing a list of connected persons and related parties of our Group, and making regular review and updates thereto to ensure that the connected persons and related parties can be identified.

BT Corporate Governance Limited, our internal control consultant, performed a follow-up review of our internal control measures related to the Non-compliance Incidents. Based on the results of such review and confirmation of our Directors, our internal control consultant is of the view that our Group's enhanced internal control measures are adequate and effective to reasonably prevent reoccurrence of similar non-compliance incidents in the future.

(6) Views of our Directors and the Sole Sponsor

Having considered (i) the nature and reasons for the Non-compliance Incidents; (ii) the rectification measures taken and the internal control measures adopted by our Company; (iii) that there has been no recurrence of similar non-compliance incidents and findings since the implementation of the rectification measures and internal control measures; (iv) the view of the internal control consultant of the Company on the internal control measures related to the Non-compliance Incidents as discussed above; and (v) the recommendation of the internal control consultant and the follow-up procedures conducted, our Directors are of the view, and the Sole Sponsor concurs, that (i) our Group's internal control measures are adequate and effective to prevent recurrence of the Non-compliance Incidents in the future; (ii) our Group has adequate and effective internal control procedures in place; (iii) the Non-compliance Incidents do not affect the suitability of our Directors to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules or the suitability for [**REDACTED**] of our Company under Rule 8.04 of the Listing Rules; and (iv) the Non-compliance Incidents were unintentional, did not indicate any material deficiencies in our internal control system or involve any dishonesty or fraudulent act on the part of our Directors, and did not raise any question as to the integrity of our Directors.

As at and up to the Latest Practicable Date, save for the Non-compliance Incidents disclosed above, our Directors confirm that there was no other non-compliance incident which constitutes material non-compliance or systemic non-compliance pursuant to the guidance letters issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE ("ESG")

We give high regard for environmental protection, and are committed to promoting corporate social responsibility and sustainable development. Therefore, we seek to integrate these core values into our business operation by the adoption of a comprehensive policy on environmental, social and corporate governance responsibilities (the "**ESG Policy**") in accordance with the Listing Rules. The ESG Policy covers various important facets, among others: (i) identification of key stakeholders, their potential focuses, and communication channels to engage with them; (ii) formation process of ESG strategy; (iii) ESG risks, and respective ways for management and monitoring; and (iv) measurements of key performance indicators ("**KPIs**") and mitigating actions.

Set forth below are examples of our ESG Policy in different aspects:

Environmental protection – We have established policies including (i) handling procedures of recyclable and non-recyclable non-hazardous waste; (ii) reducing our emissions including greenhouse gas and water pollutants; (iii) efficient use of resources including water and electricity; and (iv) conducting annual review on our compliance of relevant environmental laws and regulations.

Occupational safety – We value the importance of maintaining a safe, healthy and efficient work environment for all of our employees. Our employees are required to abide by occupational health and safety regulations in the PRC, as well as our safety and health guidelines. In order to provide a safe working environment, we set out a series of work safety measures in the staff manual for our staff to follow. In addition, it is our policy to provide our employees with occupational safety updates to enhance their awareness of safety issues. We believe that we were in compliance with health and work safety requirements in all material respects during the Track Record Period up to the Latest Practicable Date.

Employee trainings – We place significant emphasis on employee trainings and development. We invest in the education and training programs for our employees with the purpose of upgrading their knowledge on the latest development of the branding, advertising and marketing services industry.

Social responsibility – We care about our social responsibility and our relationship with different stakeholders in the community. We will conduct trainings and formulate staff handbook to strengthen our communication with our employees internally and organize community initiatives to maintain our bonding with external stakeholders.

Our ESG Policy also sets out the respective responsibility and authority of different parties in managing the ESG matters. Our Board has an overall responsibility for overseeing and determining our Group's environmental, social, and climate-related risks and opportunities impacting our Group, establishing and adopting the ESG Policy and targets of our Group, and reviewing our Group's performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

Our Board has established an ESG working group that comprises four members, including our chairman, general manager, finance manager, and human resources manager. The ESG working group serves as a supportive role to our Board in implementing the agreed ESG Policy, targets and strategies; conducting materiality assessments of environmental-related, climate-related, social-related risks and assessing how our Group adapts its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group's ESG-related risks. The ESG working group has to report to our Board on a semi-annual basis on the ESG performance of our Group and the effectiveness of the ESG systems.

Potential impacts of ESG-related risks

As an advertising company, our Group is not involved in any manufacturing activities or construction projects, thus there is no material emissions and wastes. We are, however, subject to various laws and regulations in Hong Kong and the PRC, mainly in relation to social matters. For further details about the relevant laws and regulations, please refer to the paragraphs headed "Regulatory Overview – PRC laws and regulations on advertising industry", "Regulatory Overview – PRC laws and regulations on personal information and data security", "Regulatory Overview – PRC laws and regulations on intellectual property", and "regulatory overview – PRC laws and regulations on labour protection" in this document.

During the Track Record Period and up to the Latest Practicable Date, we have not received any fines or penalties associated with the breach of any environmental laws or regulations. To the best knowledge and belief of our Directors, we are not subject to material environmental liability risk and will not incur material compliance costs in the future.

To promote sustainable development, considering recommendation of the Task Force on Climate-Related Financial Disclosures ("**TCFD**"), our Group has identified potential physical risks and transition risks from climate change. Acute physical risks that arise from extreme weather conditions such as tropical storms and flooding may have potential financial implications for our Group. In the event of these extreme weather conditions, there can be financial losses due to direct damage of assets and disruption of operation. As our business depends primarily on providing advertising resources to our customers, we rely on business cooperation with our major suppliers. For this reason, our Group may also experience indirect impacts from supply chain disruption if our suppliers' operations are hindered by such extreme weather conditions. Regarding chronic physical risks, sustained elevated temperature may lead to an increase in cost related to the rising need for cooling, leading down to higher operating expenditure. In response to the potential increase in electricity consumption, our Group has adopted an array of measures, please refer to the paragraph headed "Metrics and targets" in this section for details. Upon evaluation, it can be concluded that our Group's exposure to these potential risks is relatively low.

Potential transition risk may occur when transitioning to a lower-carbon economy, which entails market risks and changes in climate-related regulations and policy. Market risks may result from the shift in customers' preferences to other service providers that incorporate sustainability concept into their branding, advertising and marketing services. With regards to potential changes in climate-related regulations and policy, some possible outcomes are increased pricing of greenhouse gas emissions and increased operating costs.

Set forth below is a summary of the climate-related risks which our Group identified over the short, medium, and long term.

	Risks	Potential Impacts	Mitigation Strategies
Short term (current annual reporting period)	• Extreme weather events such as flooding and tropical storms	• Reduced revenue from business and supply chain disruptions	• Our Group has established an adverse weather condition policy in coping with business disruptions resulting from extreme weather events
Medium term (1-3 years)	• Sustained elevated temperature	• Additional costs from repairing and restoring damaged infrastructure	• Potential damage to asset and supply chain disruption risks associated with extreme weather conditions are included in the risk management team's planning
		• Increased cost related to the rising need for cooling	• To reduce energy consumption, our Group has adopted various energy conservation measures

	Risks	Potential Impacts	Mitigation Strategies
Long term (4-10 years)	• Changes in climate-related regulations	• Increased pricing of greenhouse gas emissions	• Our Group has limited company vehicle use to necessary meetings only and reduced energy consumption by implementing energy conservation measures
	• Shift in customers' preferences	• Reduced demand of services and revenue	• Our Group takes sustainability and environmental issues into consideration when making decisions regarding brand development strategies and advertising campaigns to meet market and customer expectations

Our Group has also identified potential opportunities from climate change. Realizing there is an increasing concern and attention about sustainability and environmental-related issues, our Group has taken prudent steps in incorporating sustainability in our development strategies. This may positively affect the performance of our portfolios and provoke investor engagement. This, too, may place our Group in a better competitive position which allows us to reflect consumer preferences, leading to improved market integrity and investor confidence.

Strategies in addressing ESG-related risks

Our Group will conduct enterprise risk assessment at least once a year to cover the current and potential risks faced by our Group, including but not limited to the risks arising from the ESG aspects and strategic risk around disruptive forces such as climate change. Our Board will assess or engage external experts to evaluate the risks and review our Group's existing strategy, target and internal controls, and necessary improvement will be implemented to mitigate the risks. Our Board, Audit Committee and the ESG working group will maintain oversight of our Group's approach to risk management, including climate-related risks and risks are monitored as part of the standard operating processes to ensure the appropriate mitigations are in place as part of the regular management reviews.

The decision to mitigate, transfer, accept or control risk is determined by various factors such as government regulation, transportation network and public perception. Our Group will incorporate climate-related issues, including physical and transition risk analysis, into our risk assessment processes and risk appetite setting. If the risks and opportunities are considered to be material, our Group will refer to them in the course of the strategy and financial planning process. Upon annual review of the environmental, social and climate-related risks, and our Group's performance in addressing the risks, we may revise and adjust the ESG strategies as appropriate.

Metrics and targets

Our Board will set targets for each material KPIs at the beginning of each financial year in accordance with the reporting requirements of Appendix 27 to the Listing Rules and other relevant rules and regulations upon [**REDACTED**]. The relevant targets on material KPI will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, our Group has taken into account their respective historical levels for FY2020 to FY2022, 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. We have also made reference to industry standards in setting our KPI targets in relation to greenhouse gas emissions and waste emissions. While the KPI targets generally vary among industry peers, the KPI targets adopted by industry peers generally show a stable trend of emission intensity or a decreasing trend of emission intensity of each year. Details of our KPI targets are set forth in the corresponding sections below and they are aligned with the aforesaid industry standards. Our Group will continuously monitor the industry trend in relation to setting of KPI targets and will adjust our KPI targets accordingly when necessary.

For the period from FY2020 and up to April 2023, regarding greenhouse gas ("**GHG**") emissions, it should be noted that due to the COVID-19 pandemic, there were government subsidies in 2020 and from January to June 2021. As there are no records for the electricity consumption of these months, this document does not cover the consumption of the subsidised months. As for the Macheng office, as electricity is included in the management fee, there are no records for the Track Record Period as well. Our GHG emissions result principally from scope 1 direct GHG emission results from burning of fuels in vehicles and scope 2 indirect GHG emission results from purchased electricity. We do not involve in material emissions due to our business nature.

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

GHG emission	Unit	FY2020	FY2021	FY2022	4M2023
	Tonnes of carbon dioxide equivalent/ thousand dollars of revenue	0.00018	0.00071	0.00034	0.00080

Our Group will make continuous efforts in working towards the target of limiting the increase in GHG emission intensity by no more than 10% in the next three years ending 31 December 2025, against the emission intensity level of the baseline year ended 31 December 2019.

The use of motor vehicles also gives rise to other air pollutants including nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and particulate matter ("**PM**").

The following table sets forth the breakdown of our NO_x, SO_x and PM emissions during the Track Record Period:

Type of air pollutants	Unit	FY2020	FY2021	FY2022	4M2023
NO_x	grams/thousand dollars of revenue	0.12	0.11	0.046	0.089
SO_x		0.00097	0.00093	0.00044	0.00086
PM		0.010	0.009	0.004	0.008

We have adopted various measures in managing the air emissions and GHG emissions during the course of our operations, including but not limited to:

- requiring employees to turn off lights, equipment, and other electronic devices when the devices are not in operation and before they leave the premises;
- using more energy-efficient lighting products, such as LED lighting;
- setting and keeping the air conditioners to a default temperature of around 24 degrees; and
- conducting regular inspection and maintenance of vehicles and equipment.

As for water consumption, it should be noted that due to the COVID-19 pandemic, there were government subsidies in 2020 and from January to June 2021. As there is no record for the water consumption of these months, this document does not cover the consumption of the subsidized months. As for the Macheng office, as water is included in the management fee, there are no records for the Track Record Period as well.

The following table sets forth the breakdown of our water consumption:

Water consumption	Unit	July – December 2021	FY2022	4M2023
	cubic metres/thousand dollars of revenue	0.0089	0.0090	0.0214

Our Group will make continuous efforts in working towards the target of limiting the increase in water consumption by no more than 10% in the next three years ending 31 December 2025, against the water consumption intensity level of the baseline year ended 31 December 2019. Our Group has established water usage management and implemented relevant measures to avoid unnecessary leakage.

The provision of advertising and marketing services involve the use of materials such as banners or props, depending on the nature of the projects and requirements of our customers for the events and marketing activities held occasionally. Our Group mainly engages the third-party service providers in executing such marketing events, and relevant materials used in the events are supplied and handled by the service providers.

We have established a supplier management system when selecting service providers to manage marketing events involving consumption of materials. This system allows us to gather relevant information from the potential service providers, including the nature of their materials, quality standards and previous business conditions. The information obtained allows us to more effectively identify potential environmental and social risks arising from the potential service providers during the selection process. By implementing the above supplier management system, we strive to identify and mitigate potential environmental and social risks while ensuring supplier quality and sustainability for our marketing events.

Furthermore, the Group conducts an annual evaluation of the service providers to assess their implementation and promotion of environmentally-friendly products and services. Based on their extent of the use of eco-friendly materials and awareness of the environmental issues during the marketing events, our service providers are scored, and those unable to meet the requirements may be excluded from our qualified supplier list. We prioritise service providers which demonstrate a strong commitment to sustainability and emphasise environmentally-friendly practices and the use of eco-friendly materials whenever possible. By using the aforesaid selection and evaluation criteria, we aim to collaborate with service providers capable of delivering quality marketing events while minimising wastes and maintaining sustainability.

Despite our role being more involved in the overall planning and supervision of the events and the communication amongst our customers and service providers instead of the execution aspects of the event, we encourage our service providers to adopt green procurement, sort and recycle any recyclable materials upon the completion of the events, to minimize the waste generated. To further ensure the proper disposal and handling of materials consumed by the service providers, our employees participating in the relevant activities are also responsible for on-site supervising and monitoring work. Assessment will be carried out on the service providers based on several criteria including but not limited to the procurement of raw materials, minimisation of resources consumption and handling of end products. We highly encourage our service providers to recycle and reuse materials that are in good condition, and send the unused materials to waste handling organisations to ensure the proper treatment of such materials. Service providers with unsatisfied assessment results will be removed from our qualified supplier list and we will cease collaboration with them.

To ensure the quality of our services, we have established and maintained stringent quality control, assurance standards, and inspection procedures at each critical step of our service delivery. For further details, please refer to the paragraph headed "Quality control" in this section.

Our Group stresses the importance of transparency, accountability, and active communication in its supply chain to foster continuous improvement in its sustainable procurement practices of computer hardware and services. We evaluate potential suppliers and prioritise those which are committed to sustainable practices, eco-friendly manufacturing and the use of recyclable materials. We also ensure that suppliers adhere to fair labor practices, human rights standards and ethical sourcing guidelines, including avoiding forced or child labor.

Our Board has the collective responsibility for establishing, adopting and reviewing the vision, policies and target of our environmental, social and corporate governance policy, and evaluating, determining and addressing our environmental, social and corporate governance related risks regularly. Our Board may assess or engage external consultants to evaluate our risks in these regards and will take necessary improvement measures to mitigate identified risks.

Our Directors confirm that we have complied with all applicable environmental law and regulations in the PRC in all material respects. As advised by our PRC Legal Advisers, there were no breaches or violations of the PRC environmental laws and regulations applicable to our business operations during the Track Record Period that would have a material and adverse impact on our business, financial condition or results of operation taken as a whole. In addition, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality. During the Track Record Period, our expenses in relation to environmental protection were insignificant and we expect such expenses to remain at relatively low levels in the foreseeable future.

RISK MANAGEMENT AND INTERNAL CONTROL

Our Directors are responsible for formulating and overseeing the on-going implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. With a view to manage our business and operational risks, to ensure our smooth operation and to avoid future recurrence of historical non-compliance incidents, we have engaged an independent internal control consultant (the "**Internal Control Consultant**") to assist us in reviewing and providing recommendations on improving our internal control system, including corporate governance, enterprise risk assessment, internal audit, compliance consultancy and relevant business processes including revenue, cost of services, expenses and cost management, fixed assets management, human resources, financial management and information technology.

As part of the engagement, we have consulted with our Internal Control Consultant to identify factors relevant to enhancing our internal control system and the steps to be taken. The Internal Control Consultant provided a number of findings and recommendations and we have subsequently taken remedial actions in response to such findings and recommendations. Highlights of our internal control measures include but not limited to the following:

– our Directors will attend training sessions conducted by the Hong Kong legal advisers on the on-going obligations and duties of a director of a company whose shares are [**REDACTED**] on Stock Exchange;

– we will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year/period and comply with the "comply or explain" principle in our corporate governance reports to be included in our annual reports after the [**REDACTED**];

– when necessary, we will engage external professionals, including auditors, internal control consultants, external legal adviser(s) and other advisers to render professional advice with respect to our compliance with statutory and regulatory requirements, as applicable to our Group from time to time;

– we have appointed Rainbow Capital (HK) Limited as our compliance adviser which will advise and assist our Board on compliance matters in relation to the [**REDACTED**] Rules and/or other relevant laws and regulations applicable to our Company; and

– we have established an Audit Committee to review and supervise our financial reporting process and internal control system.

Based on the recommendations of the Internal Control Consultant and the follow-up review procedures conducted, our Directors have confirmed that our Group had adopted all major internal control measures and policies suggested by the Internal Control Consultant and did not have any significant or material deficiencies in its internal control system as at the Latest Practicable Date.

We are exposed to various risks during our operations. For more details about these risks, please refer to the section headed "Risk Factors" in this document. In addition to the abovementioned internal control measures, we have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including the provision of our services, administration of daily operations, financial reporting and recording, compliance procedures with applicable laws and regulations on environmental protection and workplace safety. Our Board oversees and manages the overall risks associated with our operations.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued upon the exercise of the [**REDACTED**] and the options that may be granted under the Share Option Scheme), Mr. Chen (through JaiYi Culture) will own approximately [**REDACTED**] of the issued share capital of our Company.

JaiYi Culture is an investment holding company and is wholly-owned by Mr. Chen. Therefore, Mr. Chen and JaiYi Culture are regarded as our Controlling Shareholders under the Listing Rules.

For details of Mr. Chen, please refer to the section headed "Directors and Senior Management" in this document.

COMPANIES OWNED BY A CONTROLLING SHAREHOLDER BUT NOT INCLUDED IN OUR GROUP

As at the Latest Practicable Date, Mr. Chen, one of our executive Directors and Controlling Shareholders, is interested in (i) 99% equity interests, representing a capital contribution of RMB49,500,000, in Huashi Zhongguang Culture Industry Development (Hubei) Co., Ltd. (華視中廣文化產業發展(湖北)有限公司) (**"Huashi Culture**"); (ii) 60% equity interests, representing a capital contribution of RMB1,200,000, in Hubei Huashi Fucheng Science & Technology Trade Co., Ltd. (湖北華視富承科貿有限公司) ("**Huashi Trade**"); (iii) 70% equity interests, representing a capital contribution of RMB42,000,000, in Hubei Huacheng Property Investment Co., Ltd. (湖北華承置業投資有限公司) ("**Huacheng Property**"); (iv) 51% equity interests, representing a capital contribution of RMB25,500,000, in Huashi Education Industry (Macheng) Co., Ltd. (華視教育產業(麻城)有限公司) ("**Huashi Education**"); and (v) 99% equity interests, representing a capital contribution of RMB99,000,000, in Huashi Qingchuang Culture Tourism Development (Hubei) Co., Ltd . (華視青創文旅發展(湖北)有限公司) ("**Huashi Qingchuang**"), each a company established in the PRC which, as confirmed by Mr. Chen, had no competing interests with our Group as at the Latest Practicable Date.

Delineation of businesses

During the Track Record Period and up to the Latest Practicable Date, our Group had been primarily engaged in the provision of branding, advertising, and marketing services and provision of advertisement placement services in the PRC.

As at the Latest Practicable Date, Huashi Culture is a company primarily engaged in the cultural and artistic consulting services, creation of literary and artistic works and film and television production, Huashi Trade is a company primarily engaged in the wholesale, retail and operation of daily necessities, pre-packaged food, tea and primary agricultural products, Huacheng Property is a company primarily engaged in the development and operation of real estate projects, Huashi Education is a company primarily engaged in the education project investment, consultation of education information and human resources information, and Huashi Qingchuang is a company primarily engaged in the literary and artistic creation and planning and consulting of tourism.

As confirmed by Mr. Chen, none of the actual businesses of Huashi Culture, Huashi Trade, Huacheng Property, Huashi Education and Huashi Qingchuang involved the provision of branding, advertising, and market services as at the Latest Practicable Date. Therefore, the business focuses of Huashi Culture, Huashi Trade, Huacheng Property, Huashi Education and Huashi Qingchuang are distinctively different from, and are not in direct or indirect competition with, that of our Group.

Based on the foregoing, our Directors are of the view that there is no direct or indirect competition between Huashi Culture, Huashi Trade, Huacheng Property, Huashi Education, and Huashi Qingchuang on the one hand and the Group's business on the other hand.

As at the Latest Practicable Date, save as disclosed above and in the section headed "Directors and Senior Management" in this document and apart from the business of our Group, none of our Controlling Shareholders, our Directors, and their respective close associates has carried on, or has any interest in, any other business which competes or is likely to compete, directly or indirectly, with our business and would require disclosure under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration of the following factors, our Board is satisfied that our Group is capable of carrying out our business independently from our Controlling Shareholders and their respective close associates upon and after the [**REDACTED**].

Operational Independence

Our Company is capable of making independent decisions and carry on our business operations independently. Although our Controlling Shareholders retain a controlling interest in our Company after the [**REDACTED**], it does not prevent us from exercising full rights to carry out our own decisions on the business operations. We do not rely on our Controlling Shareholders for our supply, business development, staffing, capital, equipment, intellectual properties or marketing and sales activities upon the [**REDACTED**]. We have independent access to, and do not share with our Controlling Shareholders, operational resources, such as suppliers, sales networks and customers and an independent management team to handle our day-to-day operations. As at the Latest Practicable Date, we held and enjoyed the benefit of all relevant licences and intellectual properties necessary to carry on our businesses. None of our Controlling Shareholders has any interest in any of our top five customers or top five suppliers during the Track Record Period.

Accordingly, our Directors believe that we are able to maintain operational independence from our Controlling Shareholders and their respective close associates.

Management Independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises four executive Directors and four independent non-executive Directors. Mr. Chen, one of our Controlling Shareholders, is our chairman of the Board, chief executive officer and an executive Director.

Our Group has established an (i) audit committee; (ii) remuneration committee; and (iii) nomination committee. Each committee includes independent non-executive Directors so as to monitor the decision-making and operation of our Group. Further, we believe that our independent non-executive Directors will be able to exercise their independent judgement and will be able to provide impartial opinion and professional advice in the decision-making process of our Board to protect the interests of our Shareholders.

Each Director understands that, he/she owes primary duties to our Company and is aware of his/her fiduciary duties as a Director which requires, among others, that he/she must act for the benefit of and in the best interests of our Company and shall avoid any conflict between his/her personal interests and those of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) and their respective close associate(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum of the relevant board meetings. In addition, our senior management team is independent from our Controlling Shareholders.

Our Company has also established internal control mechanism to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions.

Since our executive Directors have substantial experience in their respective expertise areas and/or in the industry in which our Group is engaged, we believe that they will be able to make business decisions that are in the best interest of our Group. Please refer to the section headed "Directors and Senior Management" in this document for the background of our Directors. Further, our Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by the Board.

Having considered the above factors, our Directors are satisfied that our Board as a whole, together with our senior management team, are able to make independent managerial decisions in the best interest of our Company having regard to their own knowledge of the corporation and their experience and skills without unduly requiring the support of our Controlling Shareholders.

Financial Independence

Our Company is empowered to make independent decisions in respect of business and financial matters according to our business needs. Our Group has our own internal control, accounting and financial management system, accounting and finance department, independent treasury functions for cash receipts and payment and the ability to operate independently of our Controlling Shareholders from financial perspective.

Balances between our Group and related parties

As at the Latest Practicable Date, all amounts due from a non-controlling interests shareholders were settled and the amount due from our Shareholders were RMB0.3 million, which will be settled prior to [**REDACTED**].

Bank borrowings

As at 30 April 2023 and 31 August 2023, our Group had bank borrowings of approximately RMB36.0 million and RMB26.8 million, respectively. Among such bank borrowings, approximately RMB8.0 million and nil, respectively, was (i) secured by approximately 95.5% equity interest of Huashi Media and the properties owned by our Controlling Shareholder and two related parties; and (ii) guaranteed by our Controlling Shareholder, Huashi HK and Huashi Brand Management. Such personal securities and guarantees in relation to our Controlling Shareholder and two related parties will be released prior to [**REDACTED**].

Further, among our guaranteed and unsecured bank borrowings of approximately RMB28.0 million and RMB26.8 million as at 30 April 2023 and 31 August 2023, respectively, (i) RMB2.0 million and RMB1.8 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder and Guarantee Company B, an Independent Third Party who charged us a fee of RMB20,000; (ii) RMB3.0 million and RMB3.0 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder and Guarantee Company B, an Independent Third Party; (iii) RMB5.0 million and nil, respectively, of such bank borrowings was guaranteed by Guarantee Company A, another Independent Third Party who charged us a fee of RMB50,000; (iv) RMB13.0 million and RMB17.0 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder; and (v) RMB5.0 million and RMB5.0 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder and Huashi Media. All of these guarantees provided by our Controlling Shareholder will be released prior to [**REDACTED**]. For the abovementioned bank borrowing of RMB3.0 million and RMB3.0 million as at 30 April 2023 and 31 August 2023, respectively, the guarantee provided by Guarantee Company B was in turn personally guaranteed by our Controlling Shareholder, pursuant to the request of the lending bank. This personal guarantee by our Controlling Shareholder will be released prior to [**REDACTED**]. For the abovementioned bank borrowing of RMB5.0 million and nil as at 30 April 2023 and 31 August 2023, respectively, the guarantee provided by Guarantee Company A was in turn personally guaranteed by our Controlling Shareholder and Huashi Media, pursuant to the request of the lending bank. The guarantees by our Controlling Shareholder will be released prior to [**REDACTED**].

Taking into account of our Group's internal resources and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient capital to operate our business independently and have a strong credit profile to support our daily operations. Further, our Directors believe that, after [**REDACTED**], our Group is capable of obtaining financing from third parties without the support of our Controlling Shareholders. Therefore, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

To protect our Group from any potential competition, our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company (for itself and as trustee for each of its subsidiaries), pursuant to which each of our Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates (other than our Group):

(i) not, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business of our Group referred to in this document and any other business from time to time conducted, carried on or contemplated to be carried on by any member of our Group (the "**Restricted Activity**");

(ii) to provide all information requested by our Company which is necessary for an annual review by our independent non-executive Directors of its compliance with the Deed of Non-competition and the enforcement of the Deed of Non-competition; and

(iii) to make an annual declaration on compliance with its undertaking under the Deed of Non-competition in the annual reports of our Company as our independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules.

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that in the event that it/he or its/his close associate(s) (other than any member of our Group) (the "**Offeror**") is given or offered or has identified any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "**New Opportunities**"), it/he will and will procure its/his close associate(s) (other than members of our Group) to refer the New Opportunities to us as soon as practicable in the following manner:

(i) each of our Controlling Shareholders is required to, and shall procure its/his close associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "**Offer Notice**") within 10 business days from their receipt or referral of the New Opportunities; and

(ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 30 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above. Upon receipt of the Offer Notice, we will form an independent board committee (the "**Independent Board Committee**") which comprises all our independent non-executive Directors without the attendance by any Director with beneficial or conflicting interest in such project or business opportunities and seek opinions and decisions from our Independent Board Committee in the manner as to whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

For the above purpose, the "Relevant Period" means the period commencing from the [**REDACTED**] and shall expire on the earlier of:

(i) the date on which our Controlling Shareholders and their associates, individually or taken as a whole, cease to be our Controlling Shareholders for the purpose of the Listing Rules; and

(ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

The Deed of Non-competition is subject to and conditional upon the [**REDACTED**].

CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTEREST

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing potential conflict of interests arising from potential competing business between our Controlling Shareholders and Directors on the one hand and our Group on the other hand will be taken:

- as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the board meeting;

- a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

- our Company has also established internal control mechanism to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions and our Company will comply with the applicable Listing Rules;

- our independent non-executive Directors shall review on an annual basis, the compliance and enforcement of the terms of the Deed of Non-competition by our Controlling Shareholders;

- we will disclose in the corporate governance report of the annual report on how the terms of the Deed of Non-competition have been complied with and enforced;

- our independent non-executive Directors may engage external legal adviser(s) in appropriate circumstances at the cost of our Company;

- our audit committee shall be responsible for overseeing the implementation of the above measures; and

- we have appointed Rainbow Capital (HK) Limited as our compliance advisor, which will, upon our consultation, provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various Listing Rules requirements relating to directors' duties and corporate governance.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.

BOARD OF DIRECTORS

Our Board is responsible for and has general powers in overseeing the management and conduct of our Group's business. Our Board currently consists of eight Directors, comprising four executive Directors and four independent non-executive Directors. The following table sets forth information of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and the senior management
Mr. Chen Jicheng (陳繼承先生)	34	Executive director, chairman of the board of directors, chief executive officer and general manager	February 2011	18 February 2021	Responsible for the overall operations, strategic management, business development, and formulating our Group's business operation plans	n/a
Ms. Wang Shujin (王書錦女士)	36	Executive director, deputy chairman of the board of directors and senior vice president	May 2013	18 February 2021	Responsible for the implementation of the business, supervision on marketing and achievement of sales targets of our Group	n/a
Mr. Zhang Bei (張備先生)	34	Executive director and financial supervisor	March 2018	18 February 2021	Responsible for daily financial matters, financial planning and formulation and supervision of internal control policies of our Group	n/a
Ms. Xue Yuchun (薛玉春女士)	33	Executive director and general manager of the corporate planning department	December 2014	18 February 2021	Responsible for corporate planning of our Group and formulation of our Group's corporate strategic planning	n/a
Mr. Li Guangdou (李光斗先生)	57	Independent non-executive director	9 October 2023	9 October 2023	Supervising and providing independent judgment to the Board, a member of audit committee and nomination committee	n/a

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and the senior management
Mr. Peng Litang (彭禮堂先生)	58	Independent non-executive director	9 October 2023	9 October 2023	Supervising and providing independent judgment to the Board, chairman of remuneration committee and a member of audit committee and nomination committee	n/a
Dr. He Weifeng (何威風博士)	45	Independent non-executive director	9 October 2023	9 October 2023	Supervising and providing independent judgment to the Board, chairman of audit committee and a member of remuneration committee	n/a
Mr. How Sze Ming (侯思明先生)	46	Independent non-executive director	9 October 2023	9 October 2023	Supervising and providing independent judgment to the Board	n/a

Executive Directors

Mr. Chen Jicheng (陳繼承先生), aged 34, joined our Group in February 2011, was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. He is also our chairman of the Board, chief executive officer and general manager. He is primarily responsible for the overall operations, strategic management, business development, and formulating our Group's business operation plans. Mr. Chen is also our Controlling Shareholder and a chairman of our nomination committee.

Mr. Chen has accumulated over 12 years of experience in the brand, advertising and media industry. Prior to joining our Group, from October 2010 to May 2012, Mr. Chen worked as an assistant to the chairman of the board of directors of Yangjiang Shibazi Group Co., Ltd.* (陽江十八子集團有限公司), a company principally engaged in production and sales of knife products. Mr. Chen has worked with Huashi Media as a deputy general manager from February 2011 to December 2013, as an executive director from December 2013 to August 2015, as a general manager since December 2013, and as chairman of the board of directors and chief executive officer since August 2015. Since December 2012, Mr. Chen has been appointed as an executive director of Huashi Chuangxiang. Since April 2017, he has been appointed as an executive director and general manager of Dabieshan Culture. Since February 2018, he has been appointed as an executive director and general manager of Wuyuan Fujie.

Mr. Chen is a vice president of Hubei Federation of Youth Entrepreneurs (湖北省青年民營企業家聯合會副會長) (January 2021 to December 2024), a managing director of the 8th Hubei Young Entrepreneurs Association (湖北省青年企業家協會第八屆常務理事) (2019-2022), a member of Wuhan Writers' Association* (武漢作家協會會員), a member of the 7th session of the Governing Council of Hubei Provincial Red Cross (湖北省紅十字會第七屆理事會成員), a member of Hubei Federation of Industry and Commerce (Chamber of Commerce) (湖北省工商聯(總商會)), a member of the 14th Wuhan Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議武漢市第十四屆政協委員) and a member of the 14th Wuchang District Committee of Wuhan's Chinese People's Political Consultative Conference (中國人民政治協商會議武漢市武昌區第十四屆政協委員). Mr. Chen was nominated as Top Ten Public Figures of China Economy* (中國經濟十大新聞人物) in 2016, 2017 and 2020, was nominated as 2020 Top Ten Entrepreneur Stars in Wuchang District (2020年度武昌區十佳創業明星) in 2020 and was nominated as 2018 Annual Innovative Personnel of Chinese Economic Reform (2018中國經濟改革年度創新人物) in 2018. Mr. Chen is also a vice president of Hubei Youth Federation* (湖北省青年聯合會副主席) since August 2022, a representative of the 13th National Congress of the China Federation of Industry and Commerce* (中國工商業聯合會第十三次全國代表大會代表) since December 2022, and a committee member of the 13th Committee of Chinese People's Political Consultative Conference of Hubei Province* (中國人民政治協商會議湖北省第十三屆委員會委員) since January 2023.

Year of Grant	Certificates	Issuing Authority
2020	2020 Top Ten Public Figures of China Economy* (2020中國經濟十大新聞人物)	Committee for Nomination of Celebrities for China's Economy Programme (中國經濟人物徵評活動組委會)
2020	2020 Top Ten Entrepreneur Stars in Wuchang District (2020年度武昌區十佳創業明星)	Human Resources Bureau of Wuchang District of Wuhan (武漢市武昌區人力資源局)
2018	2018 Annual Innovative Personnel of Chinese Economic Reform* (2018中國經濟改革年度創新人物)	China Economic Annual Summit Organizing Committee (中國經濟年度峰會組委會)
2017	2017 Top Ten Public Figures of China Economy* (2017中國經濟十大新聞人物)	Committee for Nomination of Celebrities for China's Economy Programme (中國經濟人物徵評活動組委會)
2016	2016 Top Ten Public Figures of China Economy* (2016中國經濟十大新聞人物)	Committee for Nomination of Celebrities for China's Economy Programme (中國經濟人物徵評活動組委會)

Mr. Chen was the director or manager of the following companies which was incorporated in the PRC which was subsequently dissolved or had its business license revoked during or after his tenure:

Name of Company	Position	Status	Reasons of revocation of business license/ deregistration	Date of revocation of business license/ deregistration
Xian Sanyang Culture Media Co., Ltd.* (西安三陽文化傳媒有限公司)	Director	Business license revoked	Cessation of business	11 December 2013
Weipeng Huashi Culture Development (Hubei) Co., Ltd.* (偉鵬華視文化發展(湖北)有限責任公司)	Manager	Deregistered	Voluntary dissolution	4 March 2022

Mr. Chen confirmed that the above companies were solvent at the time of revocation of business license or deregistration. Mr. Chen further confirmed that there was no wrongful act on his part leading to the revocation of business license or deregistration and he is not aware of any actual or potential claim that has been or will be initiated against him as a result of the revocation of business license or deregistration, and that his involvements in the said companies were part and parcel of his services and that no misconduct or misfeasance had been involved in the revocation of business license or deregistration. As advised by our PRC Legal Advisers, the revocation of business license or deregistration of the above company would not render Mr. Chen unsuitable to act as a director of any companies in the PRC.

Ms. Wang Shujin (王書錦女士), aged 36, joined our Group in May 2013 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. She is also our deputy chairman of the board of directors and senior vice president. She is primarily responsible for the implementation of the business supervision on marketing and achievement of sales targets of our Group. Ms. Wang is a member of our remuneration committee.

Ms. Wang has accumulated over 13 years of experience in the advertising and media industry. From September 2009 to November 2010, she worked as a sales manager of Changrong Media Co., Ltd.* (昌榮傳媒股份有限公司), a company principally engaged in advertising design, production and agency services. From December 2011 to April 2013, she worked as a customer manager of Hubei Changjiang Television Broadcast and Advertising Co., Ltd.* (湖北長江廣電廣告有限公司), a company principally engaged in advertising design, production and agency services. Since May 2013, she has worked in Huashi Media with her initial positions held as a deputy general manager and her current position as deputy chairman of the board of directors and senior vice president.

Ms. Wang graduated from Hubei University of Education (湖北第二師範學院), formerly known as Hubei Institute of Education (湖北教育學院) in the PRC, in June 2007 with a college degree in art deco design (裝飾藝術設計).

Mr. Zhang Bei (張備先生), aged 34, joined our Group in March 2018 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. He is also our financial supervisor. He is primarily responsible for daily financial matters, financial planning and formulation and supervision of internal control policies of our Group.

Mr. Zhang has over 12 years of experience in the accounting and financing industry. Prior to joining our Group, Mr. Zhang worked as an accounting administrator of Xiamen Juxin Investment Co., Ltd.* (廈門颶鑫投資有限公司), a company principally engaged in investment in the primary, secondary, and tertiary industries from July 2011 to February 2012. From March 2012 to February 2018, Mr. Zhang worked as a financial manager of Putian Cable Group Co., Ltd. (普天線纜集團有限公司), a subsidiary of Putian Communication Group Limited (普天通信集團有限公司) (stock code: 01720.HK), a company principally engaged in manufacture of telecommunication cable and supply of integrated wiring and listed on the Stock Exchange. Since March 2018, Mr. Zhang has worked as a financial supervisor of Huashi Media and he was appointed as a director of Huashi Media in January 2021.

Mr. Zhang graduated from China University of GeoSciences (中國地質大學) in the PRC in June 2011 with a bachelor's degree in engineering management (工程管理). He also received an associate-to-bachelor's degree in accounting from Wuhan University of Science and Technology (武漢科技大學) in July 2015 and a master's degree (distance learning program) in business administration (工商管理) from the Open University of Hong Kong in November 2015.

Ms. Xue Yuchun (薛玉春女士), aged 33, joined our Group in December 2014 and was appointed as our Director on 18 February 2021 and was re-designated as an executive Director on 9 October 2023. She is also our general manager of the corporate planning department. She is primarily responsible for corporate planning of our Group and formulation of our Group's corporate strategic planning.

Ms. Xue has over 10 years of experience in the branding, advertising and marketing industry. Prior to joining our Group, Ms. Xue worked as a customer service manager of Shanghai Lingsi Yuanjing Marketing Consultancy Co., Ltd.* (上海靈思遠景市場營銷顧問有限公司), a company principally engaged in marketing consulting, corporate management consulting and exhibition services from July 2012 to July 2013. Since December 2014, she has worked as a general manager of the corporate planning department of Huashi Media. She has been appointed as a director of Huashi Media since June 2016.

Ms. Xue graduated from University of Shanghai for Science and Technology (上海理工大學) in the PRC in June 2012 with a bachelor's degree in advertising (廣告學).

Independent Non-executive Directors

Mr. Li Guangdou (李光斗先生), aged 57, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is a member of our both audit committee and nomination committee.

Mr. Li has over 21 years' of experience in the areas of brand image and marketing industry. Since April 2002, he worked as the chief planner at Beijing Huasheng Shidai Advertising Co., Ltd.* (北京華盛時代廣告有限公司), a company principally engaged in advertising design, production, agency and release and exhibition services. Since February 2006, he worked as the chief planner at Beijing Huasheng Zhiye Management Consultancy Co., Ltd.* (北京華盛智業管理諮詢有限公司), a company principally engaged in business management consulting, economic and trade consulting and technology promotion service.

Mr. Li graduated from Fudan University (復旦大學) with a bachelor's degree in Journalism in July 1988. He is the author of a dozen of books on brand planning and marketing industry, including Insertioning (《插位》), Story Marketing (《故事營銷》), Second Half of Internet (《互聯網下半場》), Business Code in Three Kingdoms (《商解三國》), Sharing Economy (《分享經濟》), Blockchain Wealth Revolution (《區塊鏈財富革命》), Economic Growth Dual Circulation (《雙循環經濟學》).

Mr. Li was the director of the following companies which were incorporated in the PRC and were subsequently dissolved or had their business license revoked during his tenure:

Name of Company	Position	Status	Reasons of revocation of business license/ deregistration	Date of revocation of business license/ deregistration
Guangdong Huashi Advertisement Co., Ltd.* (廣東華視廣告有限公司)	Director	Business license revoked	Cessation of business	No public record
Zhongshan City Huashi Sales Co., Ltd.* (中山市華視營銷有限公司)	Director	Deregistered	Voluntarily dissolved	No public record
Enshi Crowdfunding Financial Information Service Co., Ltd.* (恩施眾籌金融信息服務有限公司) (former name) *(Note)*	Supervisor	Deregistered	Voluntarily dissolved	6 November 2019

Note:

The name of this company immediately prior to its deregistration cannot be ascertained as it was deemed inappropriate to be used by the relevant registration authority and is no longer publicly available as at the Latest Practicable Date. As confirmed by Mr. Li, this company had been known as Enshi Crowdfunding Financial Information Service Co., Ltd.* (恩施眾籌金融信息服務有限公司) since its establishment until its name was deemed inappropriate to be used. Mr. Li further confirmed that the name was deemed inappropriate because the words "金融" was not permitted to be included as part of the company name, and that there was no wrongful act on his part leading to the name being deemed inappropriate.

Mr. Li confirmed that the above companies were solvent at the time of their business licenses being revoked or their deregistration. Mr. Li further confirmed that there was no wrongful act on his part leading to the revocation of business licenses or deregistration and he is not aware of any actual or potential claim that has been or will be initiated against him as a result of the revocation of business license or deregistration, and that his involvements in the companies were part and parcel of his services and that no misconduct or misfeasance had been involved in the revocation of business license or deregistration. As advised by our PRC Legal Advisers, the revocation of business license or deregistration of the above companies would not render Mr. Li unsuitable to act as a director of any companies in the PRC.

Disclosure pursuant to Rule 8.10

As at the Latest Practicable Date, Mr. Li was interested in (i) 25% equity interest, representing a capital contribution of RMB125,000, in Fujian Nanping Screen Networking Media Co., Ltd.* (福建省南平屏聯網傳媒有限公司) ("**Fujian Nanping**"), a company established in the PRC which business scope as stated on its business license includes, among others, the design, production and publication of advertisement; and (ii) 10% equity interest, representing a capital contribution of RMB500,000, in Beijing Qingchuang Media Co., Ltd* (北京青創傳媒有限公司) ("**Beijing Qingchuang**"), a company established in the PRC which business scope as stated on its business license includes, among others, film production, exhibition production, the design, production, agency and publication of advertisements and market research.

Mr. Li was only a passive investor with a non-controlling interest and did not have any active role in the management and business operations of or control over Fujian Nanping and Beijing Qingchuang, and was neither a director, supervisor nor manager of either company at any relevant time. The owners as to the remaining equity interest and the directors, supervisors and managers of Fujian Nanping and Beijing Qingchuang are all Independent Third Parties and not related to Mr. Li. Mr. Li is also bound by confidentiality undertakings included in his appointment letter with the Company to, among others, not divulge confidential information of our Group to any third parties, abide by his fiduciary duties to avoid conflict of interests in discharging his duties as an independent non-executive Director, and comply with applicable provisions in the Articles and the Listing Rules. Having considered (i) the confidentiality undertaking of Mr. Li in his appointment letter; (ii) his fiduciary duty to make full disclosure on matters that conflict or potentially conflict with our interest and abstain from voting at Board meetings on matters where there could be material conflict of interests; (iii) the established internal control mechanism of our Group to identify connected transactions; and (iv) the role of our audit committee in overseeing the effectiveness of the internal control system, and given that Mr. Li only serves as our independent non-executive Director and does not serve any executive role in our Group, and will not be involved in the active management and business operations of our Group, our Directors are of the view that such measures are effective and adequate for managing any potential conflicts of interest with regards to Mr. Li's involvement in Fujian Nanping and Beijing Qingchuang, and Mr. Li does not have any material conflict of interest with our Group.

Mr. Peng Litang (彭禮堂先生), aged 58, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of our remuneration committee and a member of our both audit committee and nomination committee.

Mr. Peng has over 22 years experience in education industry. He worked at the law school of Huazhong University of Science and Technology (華中科技大學法學院) from May 2001 to present, initially as an associate professor (副教授) and was subsequently promoted as a professor (教授) in April 2010.

Mr. Peng graduated from Wuhan University (武漢大學) in the PRC with a master's degree in legal studies (法學理論) in June 1996. He also graduated from Huazhong University of Science and Technology (華中科技大學) in the PRC with a doctor's degree in business administration (工商管理) in June 2008. He obtained the PRC lawyer's qualification certificate (中華人民共和國律師資格證書) issued by Ministry of Justice of the PRC in August 1996.

Dr. He Weifeng (何威風博士), aged 45, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board. He is the chairman of our audit committee and a member of our remuneration committee.

Dr. He has around 15 years' experience in accounting industry and possesses appropriate accounting and financial management expertise pursuant to Rule 3.10(2) of the Listing Rules. He has been working at the School of Accountancy at Zhongnan University of Economics and Law (中南財經政法大學會計學院) since July 2008 and was promoted as a professor (level 3) from January 2020 to present. Dr. He also has been serving on the board of directors of several publicly-held companies, including Hubei Radio & Television Information Network Co., Ltd. (湖北省廣播電視信息網絡股份有限公司) (stock code: 000665.CH) since February 2019 where he has acted as an independent director and the chairman of the audit committee and has been responsible for communicating with certified public accountants on audit plans, risk judgments and key audit issues and reviewing the annual audit reports, Kaidi Ecological And Environmental Technology Co., Ltd. (凱迪生態環境科技股份有限公司) (stock code: 000939.CH, a company delisted from Shenzhen Stock Exchange on 17 December 2020) since 17 October 2018 where he has acted as an independent director and the chairman of audit committee and a member of nomination and remuneration committee since 2 November 2018, and Masteam Bio-Tech Co., Ltd. (湖北美天生物科技股份有限公司) (NEEQ: 833833) since 26 March 2018 where he has acted as an independent director and has been responsible for providing independent advices to the board of directors.

Dr. He graduated from Jianghan Petroleum Institute (江漢石油學院) in the PRC with a bachelor's degree in accounting in June 2001 and graduated from Wuhan University (武漢大學) in the PRC in June 2005 with a master's degree in accounting. He was also awarded a doctor's degree in business administration (工商管理) of Huazhong University of Science and Technology (華中科技大學) in June 2008. He was subsidized by the "Program for New Century Excellent Talents in University"* (教育部新世紀優秀人才支持計劃) of the Ministry of

Education of the PRC in 2013 and was appointed as "Wenlan Young Scholar"* (文瀾青年學者) of Zhongnan University of Economics and Law (中南財經政法大學) from November 2013 for a terms of three years. Dr. He was awarded of third prize of "Social Science Outstanding Achievement Award of Hubei Province"* (湖北省社會科學優秀成果三等獎) in both 2009 and 2013.

Mr. How Sze Ming (侯思明先生), aged 46, was appointed as an independent non-executive Director of our Company on 9 October 2023, and is primarily responsible for supervising and providing independent judgment to the Board.

Mr. How has over 20 years of experience in investment banking and assurance and advisory industries. He started his career as an associate in Assurance and Business Advisory Services Department at PricewaterhouseCoopers from September 1999 to July 2002 with his last position as a senior associate. Mr. How then joined Tai Fook Securities Company Limited (currently known as Haitong International Securities Group Limited) and Tai Fook Capital Limited (currently known as Haitong International Capital Limited) from July 2002 to December 2004 with his last position as an assistant manager. He served as an assistant vice president of CCB International Capital Limited from January 2005 to May 2006, and an assistant vice president in the Investment Banking Division of ICEA Capital Limited from June 2006 to April 2009. From April 2009 to February 2010, Mr. How was an assistant vice president in the Investment Banking Division of ICBC International Holdings Limited. After that, he worked as the managing director of the Investment Banking Department of CMB International Capital Corporation Limited from February 2010 to June 2015, and the managing director of Zhaobangji International Capital Limited (currently known as Yi Shun Da Capital Limited) from July 2015 to January 2016. He then served as the co-head in Investment Banking Department at Southwest Securities (HK) Capital Limited from February 2016 to August 2021 with his last position as the head of corporate finance department. Mr. How is currently the managing director of Patrons Capital Limited since February 2023.

Mr. How was appointed as an independent non-executive director of five listed companies previously, namely QPL International Holdings Limited (stock code: 243) from September 2013 to September 2016, Odella Leather Holdings Limited (currently known as Million Stars Holdings Limited) (stock code: 8093) from January 2015 to March 2017, Forgame Holdings Limited (stock code: 484) from January 2016 to April 2020, Shanghai Zendai Property Limited (stock code: 755) from May 2017 to January 2021 and 1957 & Co. (Hospitality) Limited (stock code: 8495) from November 2017 to August 2022. He has been serving as an independent non-executive director of World-Link Logistics (Asia) Holding Limited (stock code: 6083) since December 2015, an independent non-executive director of Watts International Maritime Company Limited (stock code: 2258) since October 2018 and an independent non-executive director of Ruicheng (China) Media Group Limited (stock code: 1640) since October 2019. He has also been serving as an independent non-executive director of Insight Lifetech Co Ltd (深圳北芯生命科技股份有限公司), a company principally engaged in the research, development and sales of medical devices for the diagnosis and treatment of cardiovascular diseases, since July 2021.

Mr. How graduated from The Chinese University of Hong Kong with a bachelor of business administration degree in professional accountancy in May 1999. Mr. How became an associate member of Hong Kong Institute of Certified Public Accountants in February 2005 and a fellow member of the Association of Chartered Certified Accountants in May 2008.

Save as disclosed in this section, the sections headed "Substantial Shareholders" and the paragraph headed "Appendix IV – Statutory and General Information" in this document, and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, each of our Directors confirmed that (i) he/she did not hold any directorships in the last three years prior to the Latest Practicable Date in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not hold any other positions with us or other members of our Group; (iii) he/she does not have any relationship with other Directors, senior management or Controlling Shareholders, if any, of our Company or any interest in our Shares within the meaning of Part XV of the SFO; and (iv) there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Other than our Directors, our senior management team, who, together with our executive Directors, are responsible for the day-to-day management and operation of our Group. The table below sets out information in respect of our senior management personnel.

Name	Age	Position within our Group	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and the senior management
Mr. Yang Long (楊龍先生)	35	General manager of sales department	September 2013	Responsible for customer services and media purchase services of our Group	n/a
Ms. Lyu Lu (呂露女士)	30	Secretary of chairman of the board of directors and office manager	June 2018	Responsible for assisting the general manager office to manage company operations and various functional departments	n/a

Name	Age	Position within our Group	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and the senior management
Ms. Liu Xi (劉西女士)	31	Deputy general manager of corporate planning department	March 2018	Responsible for assisting in managing the daily operations, corporate strategic planning and customer planning and creative services of the Group	n/a
Ms. Fu Xueqin (傅雪琴女士)	32	Administration and human resources supervisor	February 2017	Responsible for managing the daily administration and human resources matters	n/a

Mr. Yang Long (楊龍先生), aged 35, joined our Group in September 2013, is the general manager of sales department of our Group. Mr. Yang is responsible for customer services and media purchase services of our Group.

Mr. Yang has over 10 years of experience in media and advertising industry. Prior to joining our Group, from April 2012 to August 2013, he worked as an assistant producer of Hubei Province Television Manufacture Center Limited* (湖北省廣視廣播電視製作中心有限公司). From September 2013 to August 2015, he worked as a program director of Huashi Chuangxiang. Since August 2015, he has worked as a general manager of sales department of Huashi Media.

Mr. Yang Long graduated from Jianghan University (江漢大學) in the PRC in June 2010 with a college's degree in computer applied technology and received a bachelor's degree in business and corporate administration from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in December 2011.

Ms. Lyu Lu (呂露女士), aged 30, joined our Group in June 2018, is the secretary of chairman of the board of directors and office manager of our Group. Ms. Lyu is responsible for assisting the general manager office to manage company operations and various functional departments.

Ms. Lyu has over 7 years of experience in secretarial matters. Prior to joining our Group, from June 2016 to June 2018, Ms. Lyu was an assistant of general manager of Wuhan Mo Er Long Business Information Consulting Co., Ltd.* (武漢摩爾龍商務信息諮詢有限公司). Since June 2018, she has worked as a secretary of chairman of the board of directors and office manager of Huashi Media.

Ms. Lyu graduated from Wuhan International Trade University (武漢商貿職業學院) in the PRC with a college degree in finance and insurance (金融保險) in July 2014.

Ms. Liu Xi (劉西女士), aged 31, joined our Group in March 2018, is the deputy general manager of corporate planning department of our Group and is primarily responsible for assisting in managing the daily operations, corporate strategic planning and customer planning and creative services of the Group.

Ms. Liu has over 8 years of experience in the advertising and media industry. Prior to joining our Group, from July 2015 to February 2018, she worked as a market operation supervisor of Wuhan Liangdian Shifen Culture Media Co., Ltd.* (武漢兩點十分文化傳播有限公司). Since March 2018, she has worked as a deputy general manager of corporate planning department of Huashi Media.

Ms. Liu graduated from Hubei University (湖北大學) with a college degree in news editing and production (新聞採編與製作) in June 2014.

Ms. Fu Xueqin (傅雪琴女士), aged 32, joined our Group in February 2017, is an administration and human resources supervisor of our Group and is primarily responsible for managing the daily administration and human resources matters.

Ms. Fu has over 11 years of experience in the administration and human resources matters. Prior to joining our Group, from May 2012 to May 2016, she worked as a budget officer of Wuhan Shengyuan Guojian Labor Services Co, Ltd.* (武漢盛源國建勞務有限公司). From August 2016 to February 2017, she worked as an administrative assistant of Wuhan Duocai Shenghuo Real Estate Agency Co., Ltd.* (武漢多彩生活房產代理有限公司). Since February 2017, she has worked as an administration and human resources supervisor of Huashi Media.

Ms. Fu graduated from Wuhan College of Industrial Technology (武漢工業職業技術學院), which was subsequently merged into Wuhan City Polytechnic (武漢城市職業學院) in the PRC with a college degree in engineering cost (工程造價) in July 2013.

COMPLIANCE OFFICER

Ms. Xue Yuchun is the compliance officer of our Company. For details of her biography, please see the paragraph headed "Directors – Executive Directors" in this section.

COMPANY SECRETARY

Ms. Lai Janette Tin Yun (賴天恩女士), is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lai has been appointed as our company secretary with effect from 30 March 2023. Ms. Lai has over 10 years of experience in the corporate secretarial and compliance service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lai is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute (formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute in the United Kingdom since May 2015. Ms. Lai is not an employee of our Company and she provides services to our Company as an external service provider.

BOARD COMMITTEES

Audit Committee

Our Company established the audit committee on 9 October 2023 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with paragraph D.3.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") has been adopted. The primary roles of the audit committee include, but not limited to (a) making recommendations to our Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (b) monitoring integrity of our financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; (c) reviewing our financial controls, internal control and risk management systems.

The audit committee currently comprises of three members who are Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guangdou and is chaired by Dr. He Weifeng who possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Listing Rules.

Remuneration Committee

Our Company established the remuneration committee on 9 October 2023 in compliance with Rule 3.25 of the Listing Rules. Written terms of reference in compliance with paragraph E.1.2 of the Corporate Governance Code has been adopted. The primary roles of the remuneration committee include, among other things, making recommendations to the Board on our Company's policy for human resource management as well as establishing and reviewing policies and structure in relation to remuneration for our Directors and senior management.

The remuneration committee currently comprises of three members who are Mr. Peng Litang, Mr. Wang Shujin and Mr. He Weifeng and is chaired by Mr. Peng Litang.

Nomination Committee

Our Company established the nomination committee on 9 October 2023 in compliance with Rule 3.27A of the Listing Rules. Written terms of reference in compliance with paragraph B.3.1 of the Corporate Governance Code has been adopted. The primary roles of the nomination committee include, but are not limited to, (a) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board at least annually and making recommendations on any proposed changes to our Board to complement our corporate strategy; (b) identifying individuals suitably qualified to become our Board members and selecting or making recommendations to our Board on the selection of individuals nominated for directorships; and (c) assessing the independence of our independent non-executive Directors.

The nomination committee currently comprises of three members who are Mr. Chen, Mr. Li Guangdou and Mr. Peng Litang and is chaired by Mr. Chen.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, age, culture, education background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Board comprises eight Directors, including four executive Directors and four independent non-executive Directors. Our Directors have a balanced mix of knowledge and skills, including knowledge and skills in the business of advertising and media industry, finance and accounting. They obtained degrees in various majors including news, advertising, animation design, accounting and finance and business and administration. We have four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board comprises Directors of a wide range of age, ranging from 33 years old to 58 years old. As at the Latest Practicable Date, we had two female Directors on our Board. We will continue to apply the principles of appointments based on merits with reference to our diversity policy as a whole.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the [**REDACTED**], our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

Taking into account our existing business model and specific needs as well as the different background of our Directors, our Directors consider that the composition of our Board satisfies our board diversity policy.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our 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 we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules concerning unusual movements in the price or trading volume of our Shares, the possible development of a false market in the Shares, or any other matters.

The term of the appointment shall commence on the [**REDACTED**] and shall end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the second full financial year commencing after the [**REDACTED**].

CORPORATE GOVERNANCE CODE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the corporate governance requirements under the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules after the [**REDACTED**].

Our Company has adopted the code provisions stated in the Corporate Governance Code. Our Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from Corporate Governance Code provision C.2.1, our corporate governance practices have complied with the Corporate Governance Code. Corporate Governance Code provision C.2.1. stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen is the chairman and chief executive officer of our Group. In view of the fact that Mr. Chen has been assuming day-to-day responsibilities in operating and managing our Group since February 2011 and has accumulated extensive experience and knowledge in our business, our Board believes that it is in the best interest of our Group to have Mr. Chen taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from Corporate Governance Code provision C.2.1 is appropriate in such circumstance. Notwithstanding from above, our Board is of the view that this management structure is effective for our Group's operations and sufficient checks and balances are in place.

Our Directors are aware that upon [**REDACTED**], we are expected to comply with such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in our interim report and annual report in respect of the relevant period. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. Save as disclosed above, we will comply with the code provisions set out in the Corporate Governance Code after the [**REDACTED**].

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive, in their capacity as our employees, remuneration in the form of salaries, bonus, other allowances and benefits-in-kind, including our contribution to the pension scheme for our Directors, in their capacity as employees, according to the laws of the relevant jurisdiction. Our Company's policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, performance and time devoted to our Group.

The aggregate amount of salaries, allowances, discretionary bonus and retirement benefits scheme contributions paid and benefits in kind granted to our Directors for the three years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 were approximately RMB0.7 million, RMB0.9 million, RMB1.0 million and RMB0.3 million, respectively. Save as disclosed in note 13 to the Accountant's Report set out in Appendix I to this document, no other amounts have been paid or are payable by any member of our Group to our Directors for the three years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) which were paid by our Group to our five highest paid individuals, including Directors, for the three years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023 were approximately RMB0.8 million, RMB1.1 million, RMB1.2 million and RMB0.4 million, respectively.

No remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the Track Record Period. None of our Directors has waived or has agreed to waive any emoluments during the Track Record Period. Under the arrangements presently in force, the estimated aggregate remuneration of our Directors for the year ending 31 December 2023, excluding discretionary bonus, is approximately RMB1.4 million.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

For further details of the remuneration of our Directors during the Track Record Period as well as information on the highest paid individuals, please refer to paragraph headed "Appendix I – 13. Directors' emoluments and the five highest paid individuals – Directors' emoluments" and the paragraph headed "Appendix IV – Statutory and General Information – 7. Further information about our directors and substantial shareholders – C. Directors' remuneration" in this document.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of our Shareholders passed on 9 October 2023. The purpose of the Share Option Scheme is to enable our Company to grant options to selected participants as incentive or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the paragraph headed "Appendix IV – Statutory and General Information – 8. Share Option Scheme" in this document.

SHARE CAPITAL

The following table sets forth information with respect to the share capital of our Company immediately following completion of the [**REDACTED**] and the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme:

Authorised Share Capital

1,000,000,000	Shares of US$0.05 each	US$50,000,000

Shares issued and to be issued, fully paid or credited as fully paid upon completion of the [**REDACTED**] *and the* [**REDACTED**]*:*

1,000,000	Shares in issue as at the date of this document	US$50,000
[**REDACTED**]	Shares to be issued under the [**REDACTED**]	[**REDACTED**]
[**REDACTED**]	Shares to be issued under the [**REDACTED**] (excluding any Shares which may be issued under the [**REDACTED**] and any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme)	[**REDACTED**]
[**REDACTED**]	Shares in total	[**REDACTED**]

Assuming the [**REDACTED**] is exercised in full, the issued share capital of our Company immediately following the completion of the [**REDACTED**] and the [**REDACTED**] will be increased by [**REDACTED**] divided into [**REDACTED**] Shares to US$[**REDACTED**] divided into [**REDACTED**] Shares.

ASSUMPTIONS

The above table assumes that the [**REDACTED**] and the [**REDACTED**] become unconditional and the issue of Shares pursuant thereto is made as described herein. The above table takes no account of any Shares which may be allotted and issued upon the exercise of the [**REDACTED**] or any options which may be granted under the Share Option Scheme, or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate ("**Issuing Mandate**") given to our Directors to allot and issue or repurchase Shares referred to in the paragraphs headed "General Mandate to Issue Shares" or "General Mandate to Repurchase Shares" below in this section, as the case may be.

MINIMUM [REDACTED]

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of [**REDACTED**] and at all times thereafter, our Company must maintain the "minimum prescribed percentage" of 25% of the total issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The [**REDACTED**] and the Shares shall be ordinary shares and will rank *pari passu* in all respects with all other Shares now in issue or to be issued as mentioned in this document, and in particular, will be entitled to all dividends and other distributions hereafter declared, paid or made on the Shares after the date of this document save for any entitlement under the [**REDACTED**].

[REDACTED]

Pursuant to the resolutions of our Shareholders passed on 9 October 2023, conditional upon the share premium account of our Company being credited as a result of the issue of the [**REDACTED**] by our Company under the [**REDACTED**], our Directors were authorised to allot and issue a total of [**REDACTED**] Shares to the holders of shares on the register of members of our Company in proportion to their respective shareholdings, credited as fully paid at par by way of capitalisation of the sum of [**REDACTED**] standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares.

THE SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 9 October 2023. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Appendix IV – Statutory and General Information – 8. Share Option Scheme" in this document.

Our Company did not have any outstanding share options, warrants, convertible instruments or similar rights convertible into our Shares as at the Latest Practicable Date.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the paragraph headed "Structure and Conditions of the [**REDACTED**] – Conditions of the [**REDACTED**]" in this document being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirements that the aggregate number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

(i) 20% of the aggregate number of Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (but excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or any options which may be granted under the Share Option Scheme); and

(ii) the aggregate number of Shares repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed "General Mandate to Repurchase Shares" in this section below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or the Companies Act or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders at a general meeting.

For further details of this general mandate, please refer to the paragraph headed "Appendix IV – Statutory and General Information – 1. Further information about our Company – (iv) Written resolutions of our shareholders passed on 9 October 2023" in this document.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the paragraph headed "Structure and Conditions of the [**REDACTED**] – Conditions of the [**REDACTED**]" of this document, our Directors have been granted the Repurchase Mandate to exercise all the powers to repurchase Shares (Shares which may be [**REDACTED**] on Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with a total number of not more than 10% of the aggregate number of Shares in issue or to be issued immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or any options which may be granted under the Share Option Scheme).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange or on any other approved stock exchange(s) on which our Shares are [**REDACTED**] (and which is recognised by the SFC and the Stock Exchange for this purpose), and are made in accordance with all applicable laws, regulations and/or the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "Appendix IV – Statutory and General Information – 5. Share Repurchase Mandate – D. General" in this document.

The general mandate to repurchase Shares will remain in effect until whichever is the earliest of:

(i) the conclusion of our Company's next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting is required by the Articles of Association or the Companies Act or any other applicable law of the Cayman Islands to be held; or

(iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting.

For further details of the Repurchase Mandate, please refer to the paragraph headed "Appendix IV – Statutory and General Information – 5. Share repurchase mandate – D. General" in this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the 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 for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Article of Association, a summary of which is set out in the paragraph headed "Appendix III – Summary of the Constitution of our Company and Cayman Islands Company Law" in this document.

So far as our Directors are aware, immediately following completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be allotted and issued upon the exercise of the [**REDACTED**] or any options that may be granted under the Share Option Scheme), the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

LONG POSITION IN THE SHARES OF OUR COMPANY

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held as at the Latest Practicable Date	Percentage of shareholding held as at the Latest Practicable Date *(%)*	Number of Shares held immediately after completion of the [REDACTED] and the [REDACTED]	Percentage of shareholding held immediately after completion of the [REDACTED] and the [REDACTED] *(%)*
JaiYi Culture *(Note 1)*	Beneficial owner	768,736	76.8736%	**[REDACTED]**	**[REDACTED]**
Mr. Chen *(Note 1)*	Interest in a controlled corporation	768,736	76.8736%	**[REDACTED]**	**[REDACTED]**

Notes:

(1) Our Company is held as to approximately [**REDACTED**] by JaiYi Culture immediately following completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be allotted and issued upon any exercise of the [**REDACTED**] and options which may be granted under the Share Option Scheme). The issued share capital of JaiYi Culture is ultimately wholly-owned by Mr. Chen. Therefore, Mr. Chen is deemed, or taken to be, interested in all the Shares held by JaiYi Culture for the purpose of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be allotted and issued upon any exercise of the [**REDACTED**] and options which may be granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, 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 or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

*The following discussion and analysis should be read in conjunction with the Accountant's Report (together with the accompanying notes) set out in "Appendix I – Accountant's Report" in this document. Our consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") as adopted by the Hong Kong Institute of Certified Public Accountants.*

The following discussion and analysis contain forward-looking statements that reflect our current view with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. You should not place undue reliance on any such statements in this section. However, our actual future results and the timing of selected events could differ significantly from those anticipated in these forward-looking statements as a result of various factors, including those set out in the section headed "Risk Factors" and elsewhere in this document.

OVERVIEW

We are a branding, advertising and marketing service provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to execution of branding, advertising and marketing projects through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation to targeted recipients, and improving the competitiveness and market share of their products or services.

Our customers comprise (i) brand owners and advertisers, including private and state-owned enterprises and government authorities; and (ii) advertising agents, from a diversified spectrum of industries including beverage, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and agricultural and related food processing.

During the Track Record Period, our Group generated revenue primarily from the following services including (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services; and (v) provision of advertisement placement services (including rebates from Media Partner) to our customers. During the Track Record Period, we recorded revenue of approximately RMB103.4 million, RMB157.6 million, RMB207.2 million and RMB75.0 million, and our profit for the year/period was approximately RMB24.3 million, RMB18.5 million, RMB45.7 million and RMB26.0 million, respectively.

BASIS OF PRESENTATION

The consolidated financial statements of our Group set out in the paragraph headed "Appendix I – Accountants' Report" in this document have been prepared in accordance with HKFRSs. All HKFRSs effective for the accounting period commencing from 1 January 2020, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the consolidated financial statements of our Group set out in the paragraph headed "Appendix I – Accountants' Report" in this document throughout the Track Record Period.

In preparation for the [**REDACTED**], we underwent the Reorganisation, which is detailed in the section headed "History, Reorganisation and Corporate Structure" in this document. As part of the Reorganisation, our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Act on 18 February 2021 and became the holding company of the companies now comprising our Group upon completion of the Reorganisation for the purpose of [**REDACTED**] with other business conducted through our operating subsidiaries in the PRC. Our Group, structured with the Company holding the subsidiaries resulting from the Reorganisation, is regarded as a continuing entity, our financial information for the Track Record Period hence has been prepared as a continuation of the existing group using the principles of merger basis of accounting.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows have been prepared as if the current structure of our Group had been in existence throughout the Track Record Period, or since their respective dates of incorporation, establishment or acquisition, where this is a shorter period. The consolidated statements of financial position of our Group as at 31 December 2020, 2021 and 2022 and 30 April 2023 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current structure of our Group had been in existence as at the respective dates, taking into account the respective dates of incorporation, establishment or acquisition, when applicable.

The historical financial information has been prepared at historical cost basis and is presented in Renminbi and all values are rounded to the nearest thousand (RMB'000), except when otherwise indicated.

Intra-group balances, transactions and any unrealised profits arising from intra-group transactions, are eliminated in full in consolidation in preparing the financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial position have been and will continue to be affected by a number of factors, many of which are beyond our control, including those set out in the section headed "Risk Factors" in this document and those discussed below:

Our ability to maintain and expand our customer base

Most of our business are conducted on a project basis and our financial performance depends on our ability to maintain our relationships with our major customers and to develop new opportunities with potential customers. Our five largest customers in each year/period of the Track Record Period in terms of revenue contributed a significant portion of our revenue, which accounted for approximately 52.2%, 26.2%, 26.8% and 32.2% of our total revenue during the Track Record Period, respectively. We intend to strengthen the relationships with our customers and expand our customer base. However, since no long-term agreements have been entered into between our Group and the customers, there is no assurance that our customers will continue to provide us with business after the completion of branding, advertising and marketing services.

In the event that any of our major customers reduce their demand on our branding, advertising and marketing services or even cease the business relationship with us and we could not be able to find new customers or demand timely, our results of operations and financial position would be adversely affected.

Our ability to maintain and expand our advertising resources and market research data and analysis

Our business depends largely upon our ability to provide advertising resources and market research data and analysis to our customers. We rely on our business cooperation with our major suppliers, most of which are advertising resources providers, TV station operators, advertising agents, research institutes and research companies in the PRC, for sourcing advertising resources and market research and data analysis. During the Track Record Period, our five largest suppliers in each year/period of the Track Record Period in terms of cost of services provided by suppliers accounted for approximately 68.1%, 44.7%, 42.1% and 70.5% of our total cost of services provided by suppliers, respectively.

During the Track Record Period, we generally contracted with our suppliers on a project basis, accordingly, the agreements do not contain clauses that guarantee the agreement can be automatically renewed upon expiry or limit or control the price at which advertising resources and market research data and analysis are supplied to us. If our suppliers decide to increase the price of the advertising resources and market research data and analysis to us and we could not pass the increase in procurement costs to our customers, or if our suppliers choose not to supply their advertising resources and market research data and analysis to us and we are unable to find suitable alternative suppliers, our results of operations and financial position would be materially and adversely affected.

Service mix

Our branding, advertising and market services are primarily conducted on a project basis. For all types of services that we provide, we generally charge our client a fixed service fee which is determined on a project basis. As a result, our revenue, profitability and results of operations are affected by the service mix of such services. During the Track Record Period, our Group generated revenue primarily from (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services; and (v) advertisement placement services (including rebates from Media Partner). Our gross profit margins may vary for different type of branding, advertising and market services we provide, depending on a wide range of factors such as type of services provided, cost of services and pricing strategies. Changes in service mix have affected, and are expected to continue to affect, our financial performance.

Our service mix may change over time and the magnitude of such change has a direct impact on our revenue and profitability. Our Group's ability to maintain our gross profit margin also depends on the intensity of market competition, market supply and demand, product quality and the costs of advertising resources. During the Track Record Period, our overall gross profit margin amounted to approximately 41.5%, 36.6%, 49.9% and 62.3%, respectively. Our Directors expect to adjust our Group's service mix constantly in response to the changes in demand and pricing for different branding, advertising and marketing services. For instance, the proportion of our revenue generated from our online media advertising services and event execution and production services increased significantly in FY2021 and those from our branding services and traditional offline media advertising services decreased in FY2021, FY2022 and 4M2023. Due to different cost structure, the gross profit margin of online media advertising services is generally lower than that of branding services. Therefore, we recorded a decrease in overall gross profit margin in FY2021. As we commenced to provide advertisement placement services and some online media advertising services (in which our Group was acting as an agent) in FY2022 and 4M2023, in which revenue was recognised on a net basis and most of the costs had been netted off with the gross revenue, our overall gross profit margin in FY2022 and 4M2023 increased to approximately 49.9% and 62.3%, respectively.

If our Group fails to maintain its competitive strengths, we may lose our current market share in our principal business in providing branding, advertising and marketing services and our revenue may decrease, which may have a material adverse effect on our business, financial position and results of operations. Going forward, in order to maintain or increase our profitability, we will continue to evaluate and adjust portfolio of our services from time to time so as to focus on services with market demand and better potential.

Pricing of our services

We formulate and adjust our pricing policy in accordance with industry information and market trends. We generally determine our service fee based on a cost-plus approach with reference to our staff costs, research expenses (for branding services) and the costs of procuring advertising resources and/or supplies for implementing the social marketing events (for our advertising services and event execution and production services). Accordingly, we determine our service fees on a case-by-case basis, taking into account other various factors including (i) estimated time to be spent and the complexity of the project, such as the number of staff to be involved in the project and customers' requirements; (ii) scope of services provided; (iii) fees charged by our suppliers including third-party service providers; (iv) budgets of our customers; (v) time requirements of the services; (vi) background of the customers; (vii) the rebates we offered to our customers; and (viii) future business opportunities with the customers.

Our management would review the pricing strategies regularly to ensure the competitiveness of our service fee and maintain our profitability. If we fail to adjust our pricing strategies in response to the changing environment, our results of operations and financial performance could be adversely affected.

Economic conditions in the PRC

Our business in providing branding, advertising and marketing services is conducted in the PRC. The economic conditions in the PRC may have significant impact on our financial position and results of operations. Economic conditions in the PRC, including levels of consumer spending and disposable income, affect operational budgets of our customers, and in turn, advertising budget and demands for our services. We believe that the economic growth in the PRC will help increase the demand for our branding, advertising and marketing services and contribute to the growth of our revenue. Any slowdown or decline in the economic conditions in the PRC may adversely affect our customers' demand for our services and therefore negatively affect our results of operations and financial position.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Our consolidated financial statements have been prepared in accordance with HKFRSs. The significant accounting policies, estimates and judgments are set out in notes 4 and 5 to the Accountants' Report contained in Appendix I to this document. Some of our significant accounting policies involve some assumptions, estimates and judgements which may affect the application of policies and reported amounts of assets, liabilities, income and expenses. Our assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions. We believe the following accounting policies, estimates and judgments are most critical to the preparation of our financial information.

Significant accounting policies

Revenue

The 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 our Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

For contracts where the period between the payment 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.

(i) Provision of branding services

Revenue from provision of branding services is recognised over the service period. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input method recognises revenue on the basis of our Group's effort or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

(ii) Provision of event execution and production services

Revenue from provision of event execution and production services is recognised over service period. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of our Group's effort or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

(iii) Provision of multimedia advertising services

Revenue from provision of integrated multimedia advertising services is recognised on a straight-line basis over the performance period for which the services are rendered, or recognised when our Group fulfilled the specific performance obligation under the finalised contract terms with customers.

Determining whether such revenue of our Group should be recognised as gross or net is based on a continuing assessment of various factors. Our Group needs to first identify who controls the services before they are transferred to customers.

Our Group is a principal if it obtains control of the services from suppliers that it then transfers to the customer. There are indicators that our Group is a principal, when our Group (i) is primarily obligated in fulfilling to provide the service meeting customer specifications; (ii) is subject to inventory risk; and (iii) has latitude in establishing prices and selecting suppliers.

Our Group is an agent if it does not obtain control of the services before it is being transferred to the customer, and recognises revenue earned and costs incurred on a net basis. There are indicators that our Group is an agent, when our Group (i) is arranging the services to be provided by third parties; (ii) has no inventory risks; and (iii) has no discretion in establishing the prices for the specified services to be provided by the suppliers.

(iv) Provision of advertisement placement services

Our Group provides advertisement placement services to our Group's advertisers. The Media Partner also granted to our Group rebates in cash mainly based on the gross spending of the advertisers.

In these arrangements, our Group (i) is merely responsible for helping advertisers or their agents to arrange the specified services to be transferred by the Media Partner; (ii) has no bearing for inventory risks because the Group does not have ownership of online media advertising resources provided by the Media Partner; and (iii) has no discretion in establishing the prices for the specified services to be provided by the Media Partner. Our Group has no control on the specified service before that service is delivered to the advertisers and only act as the agent to help the advertisers or their agents to liaise with the Media Partner which will transfer the services to the advertisers or their agents. The online media platforms of the Media Partner are identified and determined by the advertisers or their agents and our Group has no ownership of the advertisement and has not acquired user traffic from the Media Partner. Instead, our Group helps to liaise with the Media Partner to arrange the advertisement placement on various online media platforms of the Media Partner. Therefore, our Group recognises revenue earned and costs incurred related to these transactions on a net basis. Under these arrangements, the rebates earned from the Media Partner are recorded as revenue in the consolidated statements of profit or loss.

Our Group may offer rebates to customers as part of our incentive activities in some circumstances at our own discretion. When our Group has decided to offer such incentive rebates to our customers, the rebates as offered under the above paragraph are considered as variable considerations and are hence recognised as a deduction of revenue for the period when the related promised services were transferred to our customers.

Intangible assets

Intangible assets acquired separately are initially recognised at cost.

Intangible assets with finite useful 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.

Amortisation is provided on a straight-line basis over their useful lives as follows:

Mobile application	5 years

At the end of each reporting period, our Group reviews the carrying amounts of the intangible assets to determine whether there is any indication that the intangible assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Our Group measures the right-of-use assets applying a cost model. Under the cost model, our Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and estimated useful lives of the assets.

Our Group has also leased a number of properties under tenancy agreements which our Group exercises our judgement and determines that is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

At the end of each reporting period, our Group reviews the carrying amounts of the right-of-use assets to determine whether there is any indication that the right-of-use assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

For details of other significant accounting policies, please refer to paragraph headed "Appendix I – 4. Summary of significant accounting policies" in this document.

Significant accounting estimates and judgements

Impairment of financial and contract assets

The impairment of financial and contract assets are based on assumptions about risk of default and expected credit loss rates. Our Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial and contract assets and impairment losses in the periods in which such estimate has been changed.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unused tax losses and deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

Our Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets 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 such 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 of cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Determination of revenue recognition on gross or net basis

Our Group provides advertisement placement services and multi media advertising services to our customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment in different business models. Our Group follows the accounting guidance for principal-agent considerations to assess whether our Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether our Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether our Group has inventory risk before and after the specified service has been transferred to a customer; and (c) whether our Group has discretion in establishing the prices for the specified goods or services. Our management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance.

Rebates from media partners

Media partners (or their authorised agencies) may grant our Group rebates in various forms. Our Group records such rebates as reduction of cost of services under gross basis (where the Group acts as principal), or as revenue under net basis (where our Group acts as agent). The rebates earned by our Group from media partners (or their authorized agencies) come with a variety of structures and rates, which are primarily determined based on the contract terms with these media partners (or their authorised agencies), their applicable rebates policies, the business performances of our Group and the discretionary incentive programs as set up by the media partners (or their authorised agencies).

Our Group accrues rebates from media partners based on evaluation as to whether the contractually stipulated thresholds of advertising spend are likely to being reached, or other benchmarks or certain prescribed classification are likely to being qualified. This determination requires significant judgment and estimation. In making this judgment and estimation, our Group evaluates based on the past experience and regular monitoring of various performance factors set within the rebates policies. Such rebates as a percentage of gross spending of our Group and the advertisers may fluctuate and are reviewed and adjusted from time to time.

Revenue recognition on net basis for provision of advertisement placement services and the Ten Advertising Agents (as defined in this document) under online media advertising services

In accordance with "HKFRS 15 – Revenue from Contracts with customers", an entity is a principal if it obtains control of the services from suppliers that it then transfers to the customer. There are indicators that an entity is a principal, when the entity (i) is primarily obligated in fulfilling to provide the service meeting customer specifications; (ii) is subject to inventory risk; and (iii) has latitude in establishing prices and selecting suppliers. On the other hand, an entity is an agent if it does not obtain control of the services before it is being transferred to the customer, and recognises revenue earned and costs incurred on a net basis. There are indicators that an entity is an agent, when the entity (i) is arranging the services to be provided by third parties; (ii) has no inventory risks; and (iii) has no discretion in establishing the prices for the specified services to be provided by the suppliers.

For provision of advertisement placement services, we add value to our customers in different aspects, including (i) planning of the advertisement placements based on our customers' needs; (ii) creating online short videos for advertisement placements; (iii) opening, maintaining accounts and injecting deposits into the advertising platform of the Media Partner on behalf of our customers; (iv) assisting in advertisement placements on various online media platforms operated by the Media Partner; and (v) monitoring the advertisement performance. Nevertheless, given (i) such service scope is restricted to those as requested by our customers; (ii) the final decisions of selecting the types of platforms on the Media Partner for advertisements placements are determined by our customers, rather than by us; (iii) we do not have ownership of the online media advertising resources provided by the Media Partner; and (iv) our customers have full discretion to determine and are wholly responsible for the advertisement expenditures and consumption during the course of advertisement placement, and the relevant prices of the expenditure and consumption are determined by the platforms of the Media Partner, we have limited control over the provision of such services. Therefore, we considered our Group only acted as an agent instead of a principal to provide such services and the revenue generated from the provision of advertisement placement services (including the rebates from Media Partner) was recognised on a net basis. For details, please refer to the paragraph headed "Appendix I – Summary of significant accounting policies – 4.8 Revenue recognition" in this document.

When we provide services to the Ten Advertising Agents under online media advertising services, we can add value to our customers in different aspects including (i) sourcing and dealing with different types of advertising resources providers; (ii) offering customers suggestions on the advertisements placement plans; (iii) assisting in advertisement placements and monitoring the execution of the advertisement plans; and (iv) preparing a summary report on the results of the advertisement placements. Nevertheless, since our Group did not procure any advertising resources from the suppliers before providing the services to our customers, our Group did not obtain the control of the advertising resources from the suppliers before transferring the services to our customers in this circumstance. After our customers have confirmed the online media platforms for advertisement placement, we only act as agent to liaise with the suppliers to arrange for the relevant advertising resources for our customers. Further, we are not required to continue providing services to the Ten Advertising Agents if we lose the right to place advertisement on the online media platforms, based on the terms of the agreements with them. Therefore, we were not primarily obligated in fulfilling the promise to provide the online media advertising service to our customers and did not have inventory risk before and after the online media advertising services has been transferred to the customers and the revenue generated from the Ten Advertising Agents under online media advertising services was therefore recognised on a net basis. For details, please refer to the paragraph headed "Appendix I – Summary of significant accounting policies – 4.8 Revenue recognition" in this document.

For the Ten Advertising Agents under online media advertising services and our provision of advertisement placement services (including rebates from Media Partner), we recognised revenue on a net basis.

Although the revenue from the Ten Advertising Agents under online media advertising services and our provision of advertisement placement services was recognised on a net basis according to HKFRS 15, we had also incurred various costs in providing the aforesaid services. According to HKFRS 15, for both online media advertising services to the Ten Advertising Agents and the provision of advertisement placement services, we netted off the amounts paid to the suppliers to arrange for the relevant advertising resources for the customers with the gross revenue. However, the staff costs and depreciation incurred for the provision of advertisement placement services will be separately presented under our cost of services. The direct costs incurred for our provision of advertisement placement services included the amounts paid to the Media Partner to arrange for the relevant advertising services for the customers of approximately RMB168.4 million for FY2022 and RMB108.2 million for 4M2023, respectively. According to HKFRS 15, "when an entity that is an agent satisfies a performance obligation, the entity recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. An entity's fee or commission would be the net amount of consideration that the entity retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party." Therefore, the revenue from our provision of advertisement placement services recognised under the net basis should be derived from the gross revenue deducting the amounts paid to the other party in exchange for the goods or services to be provided by that party, i.e. the amounts paid to the Media Partner to arrange for the relevant advertising services for the customers. The staff costs and depreciation in aggregate of approximately RMB1.7 million for FY2022 and RMB1.3 million for 4M2023 for the provision of advertisement placement services would be separately represented as cost of sales and should not be deducted from the relevant gross revenue.

The following table illustrates the reconciliation of our revenue recorded under advertisement placement services on a gross basis to that on a net basis for FY2022 and 4M2023:

	FY2022	**4M2023**
	RMB'000	*RMB'000*
Revenue (on gross basis)	184,890	121,753
Less: Costs charged by the Media Partner	(168,375)	(108,190)
Revenue (on net basis)	16,515	13,563
Add: Rebates from the Media Partner	8,421	5,099
Total	24,936	18,662

The direct costs incurred for our online media advertising services to the Ten Advertising Agents included the amounts paid to the suppliers to arrange for the relevant advertising resources for the customers of approximately RMB55.5 million for FY2022 and RMB81.7 million for 4M2023, and such costs has been deducted from the gross revenue to derive the revenue from these services under the net basis, according to HKFRS 15. Other than the above-mentioned costs paid to the suppliers, no other direct costs were incurred by us in relation to the online media advertising services to the Ten Advertising Agents.

The following table illustrates the reconciliation of our revenue under online media advertising services to the Ten Advertising Agents on a gross basis to that on a net basis for FY2022 and 4M2023:

	FY2022	**4M2023**
	RMB'000	*RMB'000*
Revenue (on gross basis)	64,610	91,882
Less: Costs charged by the advertising resources providers	(55,490)	(81,693)
Revenue (on net basis)	9,120	10,189

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I in this document:

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	**103,444**	**157,637**	**207,167**	**60,663**	**75,014**
Cost of services	(60,559)	(99,966)	(103,882)	(39,741)	(28,267)
Gross profit	**42,885**	**57,671**	**103,285**	**20,922**	**46,747**
Other income	1,272	954	402	144	2,637
Selling and marketing expenses	(2,663)	(4,601)	(6,406)	(1,786)	(3,276)
Administrative expenses	(10,231)	(20,148)	(29,544)	(7,420)	(10,469)
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(Provision for)/reversal of expected credit loss on financial and contract assets, net	(1,031)	1,362	(5,935)	(663)	(3,408)
Finance costs	(462)	(693)	(1,457)	(331)	(704)
Profit before income tax expense	**29,679**	**23,156**	**55,610**	**8,968**	**30,996**
Income tax expense	(5,358)	(4,682)	(9,951)	(1,634)	(5,018)
Profit for the year/period	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit attributable to:					
– Owners of the Company	24,228	18,474	45,659	7,334	25,978
– Non-controlling interests	93	–	–	–	–
	24,321	**18,474**	**45,659**	**7,334**	**25,978**

Non-HKFRS Measures

In order to supplement our consolidated statements of profit or loss, which are presented in accordance with HKFRS, we also use adjusted profit (Non-HKFRS measure), which is not required by, or presented in accordance with HKFRS. We believe this non-HKFRS measure helps identify underlying trends in our business and therefore provide useful information to potential [**REDACTED**] in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that this non-HKFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted profit (Non-HKFRS measure), as profit for the year/period adjusted by [**REDACTED**] relating to the [**REDACTED**].

While adjusted profit (Non-HKFRS measure) provides additional information to potential [**REDACTED**] in understanding and evaluating our results of operations, the use of adjusted profit (Non-HKFRS measure) has certain limitations as an analytical tool. When assessing our operating and financial performance, you should not consider adjusted profit (Non-HKFRS measure) in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table sets forth a reconciliation of our Group's net profits for the years or periods to our adjusted profit (Non-HKFRS measure) for the years or periods indicated:

	FY2020	**FY2021**	**FY2022**	**4M2022**	**4M2023**
				(unaudited)	
Profit for the year/period (*RMB'000*)	24,321	18,474	45,659	7,334	25,978
Adding back: [**REDACTED**] (*RMB'000*)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted profit (Non-HKFRS measure) (*RMB'000*)	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was principally derived from the provision of branding, advertising and marketing services to our customers covering private enterprises, state-owned enterprises and government authorities in the PRC, which includes the provision of (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services; and (v) advertisement placement services (including rebates from Media Partner). For FY2020, FY2021, FY2022 and 4M2023, our revenue amounted to approximately RMB103.4 million, RMB157.6 million, RMB207.2 million and RMB75.0 million, respectively.

Breakdown of revenue by service type

The table below sets forth the breakdown of our revenue and percentage contribution to our revenue by service type during the Track Record Period:

	FY2020		**FY2021**		**FY2022**		**4M2022**		**4M2023**	
	RMB'000	*Approximate % of total revenue (%)*	*RMB'000*	*Approximate % of total revenue (%)*	*RMB'000*	*Approximate % of total revenue (%)*	*RMB'000 (unaudited)*	*Approximate % of total revenue (%)*	*RMB'000*	*Approximate % of total revenue (%)*
Branding services	61,255	59.2	74,926	47.5	90,502	43.7	27,596	45.5	28,712	38.3
Traditional offline media advertising services	8,466	8.2	4,083	2.6	2,204	1.1	876	1.4	–	–
Online media advertising services	18,465	17.9	46,196	29.3	48,145	23.2	21,751	35.9	12,027	16.0
Event execution and production services	15,258	14.7	32,432	20.6	41,380	20.0	10,440	17.2	15,613	20.8
Provision of advertisement placement services	–	–	–	–	16,515	8.0	–	–	13,563	18.1
Rebates from Media Partner	–	–	–	–	8,421	4.0	–	–	5,099	6.8
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100.0**	**75,014**	**100.0**

During the Track Record Period, branding services represented our largest service component by revenue. We provided branding services to our customers covering enterprises in a number of industries such as brewing, healthcare food production, automobile manufacturing, household essentials manufacturing, tourism and beauty-care, where we were responsible for conducting market research through collaboration with research institutes, composing branding positioning analysis and formulating customised brand building and marketing proposals in various areas, including corporate brand building, product and/or services positioning, marketing, public relation strategies and media plan, with an aim to improve and enhance brand reputation for our customers. Our revenue was primarily based on a cost-plus basis depending on our estimated costs incurred according to the service scope, project duration and customers' requirements which may vary from projects to projects.

During the Track Record Period, our traditional offline media advertising services were mainly categorised as (i) TV advertising, where we were primarily responsible for placing advertisements for customers through our resources at various national and provincial TV station operators in the PRC; (ii) radio advertising, where we were primarily responsible for assisting our customers to place their advertisements during the advertising timeslots of the radio channels or during the radio programmes; and (iii) outdoor advertising, where we were primarily responsible for identifying and placing advertisements on various outdoor platforms, such as billboards, advertising space at bus stop and public transport hubs. In general, the contents of the advertisements in this segment are provided by our customers and our revenue was generated from the provision of the aforesaid services in return for a service fee.

We commenced online media advertising services since 2018. Our online media advertising services were mainly categorised as (i) display advertising, where the content of advertisements are displayed on websites, apps or other online media platforms in various formats which primarily include text, images, video and audio; and (ii) search engine advertising, where name, brand and/or product of the advertisers will appear on the website's search results when the customers have entered the relevant keywords. During the Track Record Period, while the contents of the online advertisements were normally provided by our customers, our revenue was primarily generated from the distribution and placement of marketing contents such as advertorials, articles and video chips on online media platforms which mainly included websites and social media platforms in return for a service fee.

We further expanded the scope of our online media advertising services and started to provide advertisement placement services since FY2022. Our provision of advertisement placement services comprise formulation of online advertisement placement plan, creation and production of online advertisement contents, operation of the customer's account and placement of online advertisements on the online media platforms, injection of funds to the customer's account on the online media platforms and advertisements performance monitoring and optimisation for our customers.

During the Track Record Period, our event execution and production services were mainly categorised as (i) event execution, where we are primarily responsible for organising and implementing social campaigns and activities by means of both online and offline activities, which typically range from exhibitions, conferences, roadshows, online forums and social networking services platform; and (ii) event production, where we generally engage Independent Third Parties for production of the content and implementation of the process. Our revenue was primarily based on a cost-plus basis according to the costs on procuring materials and services which may vary from projects to projects.

For detailed descriptions of each of the service type, please refer to the paragraph headed "Business – Our principal business" in this document.

FY2021 vs FY2020

Overall

Our revenue increased from approximately RMB103.4 million for FY2020 to approximately RMB157.6 million for FY2021, primarily attributable to the increase in revenue from the provision of branding services, online media advertising services and event execution and production services as a result of the growing market demand for our branding, advertising and marketing services and the increase in the number of new customers in FY2021, which were partially offset by the decrease in revenue from the provision of traditional offline media advertising services as a result of the Group's strategy to focus on online media advertising services. According to Frost & Sullivan, after the COVID-19 Outbreak in FY2020, the branding, advertising and marketing service market experienced a rapid industry growth mainly because some small-sized service providers were not able to survive due to the impact of the epidemic, which provided more business potentials and opportunities for those renowned service providers with sufficient experiences and strong capabilities. In addition, as affected by the COVID-19 Outbreak, more enterprises in the PRC generally prefer the one-stop service providers for its advertising as they can effectively reduce the costs of communicating and managing with various service providers.

(i) Branding services

For FY2020 and FY2021, our revenue generated from branding services represented approximately 59.2% and 47.5% of our total revenue, respectively. As compared to FY2020, the decrease in revenue contribution of branding services out of our total revenue for FY2021 was primarily attributable to the increasing revenue contribution of online media advertising services and event execution and production services.

Our revenue generated from branding services increased from approximately RMB61.3 million for FY2020 to approximately RMB74.9 million for FY2021, primarily attributable to (i) the growing demand for our branding services following the COVID-19 Outbreak; and (ii) the increase in revenue contribution of recurring customers as they recognised our branding services which can enhance their brands and increase its competitiveness. According to Frost & Sullivan, more small and medium enterprises gradually began to focus on strengthening and rebuilding own brand competitiveness to enhance their customer loyalty. Meanwhile, according to Frost & Sullivan, more consumers become aware of brands, products and design, so the brand owners frequently reassess whether their brands and products can meet the market needs and obtain latest market data. Thus, the renewal of branding projects also contributed to further growth of market demand in 2021. Apart from receiving branding services projects from new customers, in view of the ongoing and close relationship of the Group with its recurring customers, the Group had also received new branding service projects from its recurring customers, which further increased the number of branding services projects in FY2021. The number of projects increased from 66 in FY2020 to 76 in FY2021 and average revenue per project increased from approximately RMB928,000 in FY2020 to approximately RMB986,000 in FY2021. These were demonstrated by (i) the increase in revenue of approximately RMB4.4

million from a customer for FY2021, which is a beer and baijiu manufacturer; (ii) the increase in revenue of approximately RMB2.0 million from an electric vehicles and motorcycles manufacturer in the PRC; (iii) the increase in revenue of approximately RMB1.5 million from Yang Jiang Shi Ba Zi Scissors Company Limited (陽江十八子刀剪製品有限公司), a scissors manufacturer in the PRC; and (iv) the increase in revenue of approximately RMB2.7 million from Customer F, a company principally engaged in the beauty making and plastic surgery, which became one of our five largest customers in terms of revenue contribution for FY2021, primarily attributable to their strategies to strengthen their brands competitiveness in view of the recovery of the PRC economy in 2021 after the COVID-19 Outbreak.

In FY2021, the growth rates of the total expenditure of brand owners or advertisers in the PRC and Hubei Province in branding services were approximately 25.0% and 19.4%, respectively, and our Group's revenue growth in branding services was higher than the industry growth rates and Hubei Province, mainly due to higher demand from our Group's recurring customers, which recognised the Group's branding services, which can strengthen its own brand competitiveness and reassess their brand positioning, obtain latest market data and customise marketing strategies from time to time. The branding services revenue generated from our Group's recurring customers increased from approximately RMB38.2 million for FY2020 to approximately RMB60.1 million for FY2021, representing an increase of approximately 57.6%.

(ii) Traditional offline media advertising services

For FY2020 and FY2021, our revenue generated from traditional offline media advertising services represented approximately 8.2% and 2.6% of our total revenue, respectively. As compared to FY2020, the decrease in revenue contribution of traditional offline media advertising services out of our total revenue for FY2021 was primarily attributable to the fact that less customers selected to place advertisements through traditional offline media.

Our revenue generated from traditional offline media advertising services decreased from approximately RMB8.5 million for FY2020 to approximately RMB4.1 million for FY2021, primarily attributable to (i) the decrease in our average contract sum as a result of the general decrease in market demand for traditional offline media advertising services in view of the rapid growth of online media in China; and (ii) our Group's strategy to focus on online media advertising services in response to the changing consumer behaviour and relatively lower gross profit margin of traditional offline media advertising services as compared to those of our Group's other business segments.

(iii) Online media advertising services

For FY2020 and FY2021, our revenue generated from online media advertising services represented approximately 17.9% and 29.3% of our total revenue, respectively. As compared to FY2020, the increase in revenue contribution of online media advertising services out of our total revenue for FY2021 was primarily attributable to the increasing popularity of online media in the PRC.

Our revenue generated from online media advertising services increased from approximately RMB18.5 million for FY2020 to approximately RMB46.2 million for FY2021, primarily attributable to the growing demand for advertising due to the increase in number of online media advertising services projects from 27 in FY2020 to 72 in FY2021 as a result of (i) market recovery after the COVID-19 Outbreak; (ii) our Group's continued strategic shift to focus on this segment; and (iii) the general increase in demand from advertisers for online media advertising as a result of the rapid development of live streaming and e-commence since the COVID-19 Outbreak. According to Frost & Sullivan, as affected by the COVID-19 Outbreak in 2020, live streaming and e-commerce have become popular and these two businesses have been experiencing a rapid development since 2020. Advertisers were more inclined to conduct advertising and marketing through online platforms with large amounts of user traffic, thus further promoting the development of the online media advertising market. Such increase was evidenced by the increase in revenue contribution from (i) the new customers by approximately RMB20.4 million; (ii) Customer F by approximately RMB5.5 million; and (iii) an existing customer, a company principally engaged in e-commerce business by approximately RMB2.9 million.

Further, for FY2021, the amount of revenue from follow-up engagements for online advertising services amounted to approximately RMB22.3 million, which had further contributed to the increase in our revenue for online advertising advertising services in FY2021.

According to Frost & Sullivan, in FY2021, the growth rates of the total expenditure of brand owners or advertisers in the PRC and Hubei Province in online media advertising services are approximately 19.3% and 22.1%, respectively. In FY2021, our Group's revenue growth in online media advertising services was much larger than industry growth rates in the PRC and Hubei Province, mainly driven by (i) securing the new customers to engage our Group's online media advertising services, which was evidenced by the increase in number of new customers from 2 in FY2020 to 24 in FY2021 and the revenue from new customers increased from approximately RMB7.5 million in FY2020 to approximately to RMB20.4 million in FY2021, representing an increase of approximately 170.7%; and (ii) the increase in demand for certain recurring customers as a result of the increase in their advertising budget and promoting their e-commerce business.

(iv) Event execution and production services

For FY2020 and FY2021, our revenue generated from event execution and production services represented approximately 14.7% and 20.6% of our total revenue, respectively.

Our revenue generated from event execution and production services increased from approximately RMB15.3 million for FY2020 to approximately RMB32.4 million for FY2021, primarily attributable to (i) the general restriction of such services during the COVID-19 Outbreak for FY2020; (ii) the increase in average contract sum of our event execution and production projects in FY2021; and (iii) emergence of the integration of new media which covered scene activities, online media and other marketing methods. According to Frost & Sullivan, in 2021, the economic activities and public transport services were basically resumed in China, and scene activities, such as cultural events, exhibitions and conferences resumed normal operations. Therefore, the rapid recovery of offline scene activities in 2021 drove the rapid growth of event execution and production service market in the PRC. According to Frost & Sullivan, in view of the integration of various new media becoming popular in recent years, the advertisers will select different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign. As a result, the number of projects increased from 58 in FY2020 to 101 in FY2021 and average revenue per project increased from approximately RMB263,000 in FY2020 to approximately RMB321,000 in FY2021.

According to Frost & Sullivan, in FY2021, the growth rates of the total expenditure of brand owners or advertisers in the PRC and Hubei Province in event execution and production services are approximately 8.5% and 8.7%, respectively. Our Group's revenue growth in event execution and production services in FY2021 was much larger than industry growth rates in the PRC and Hubei Province, mainly driven by (i) securing the new customers to engage our Group's event execution and production services, which was evidenced by the increase in number of new customers from 7 in FY2020 to 30 in FY2021 and the revenue from new customers increased from approximately RMB0.3 million in FY2020 to approximately RMB6.6 million in FY2021; and (ii) the increase in demand for certain recurring customers as they engaged our Group to organise more scene activities, resulting in the increase in revenue from approximately RMB15.0 million in FY2020 to approximately RMB25.8 million in FY2021, representing an increase of approximately 72.6% in FY2021.

FY2022 vs FY2021

Overall

Our revenue increased from approximately RMB157.6 million for FY2021 to approximately RMB207.2 million for FY2022, primarily attributable to the increase in revenue from the provision of online media advertising services, branding services, event execution and production services and provision of advertisement placement services (including rebates from Media Partner) as a result of the growing market demand for our branding, advertising and marketing services, which were partially offset by the decrease in revenue from the provision of traditional offline media advertising services as a result of the Group's strategy to focus on online media advertising services and provision of advertisement placement services. According to National Bureau of Statistics, online retail sales in the PRC increased to approximately RMB13,785.3 billion in 2022 from approximately RMB7,175.1 billion in 2017, representing a CAGR of approximately 14.0%. The growth of online retail sales in the PRC stimulated more customers to select our online media advertising services and provision of advertisement placement services to place advertisements to boost up their sales. For FY2022, we generated revenue of approximately RMB24.9 million from our new revenue stream of advertisement placement services (including rebates from Media Partner) and our revenue from online media advertising services increased from approximately RMB46.2 million for FY2021 to approximately RMB48.1 million for FY2022. According to Frost & Sullivan, more small and medium enterprises gradually began to focus on strengthening and rebuilding own brand competitiveness to enhance their customer loyalty. Such demand continued to increase in FY2022, thus our revenue for branding services increased from approximately RMB74.9 million for FY2021 to approximately RMB90.5 million for FY2022. According to Frost & Sullivan, in 2022, the economic activities and public transport services were substantially resumed in China and the scene activities, such as cultural events, exhibitions and conferences resumed normal operations. According to Frost & Sullivan, in view of the integration of various new media becoming popular in recent years, the advertisers will select different means of marketing such as scene activities, online media and other marketing methods to implement an effective marketing campaign. As such, the demand for our event execution and production services increased and our revenue for event execution and production services increased from approximately RMB32.4 million for FY2021 to approximately RMB41.4 million for FY2022.

(i) Branding services

For FY2021 and FY2022, our revenue generated from branding services represented approximately 47.5% and 43.7% of our total revenue, respectively. As compared to FY2021, the decrease in revenue contribution of branding services out of our total revenue for FY2022 was primarily attributable to the new revenue stream of provision of advertisement placement services.

Our revenue generated from branding services increased from approximately RMB74.9 million for FY2021 to approximately RMB90.5 million for FY2022, primarily attributable to the increase in the number of branding services projects from 76 in FY2021 to 88 in FY2022. Our Directors believe that such increase was mainly attributable to the growing market demand for our branding services and the increase in revenue contribution of recurring customers as they recognised our branding services which can enhance their brands and increase its competitiveness.

According to Frost & Sullivan, in FY2022, the growth rates of the total expenditure of brand owners or advertisers in the PRC and Hubei Province in branding services were approximately -5.0% and -2.3%, respectively. Our Group's revenue growth rate in branding services in FY2022 was much higher than industry growth rates in the PRC and Hubei Province, mainly driven by (i) our capability to provide diversified services; and (ii) the characteristics of our customer types. According to Frost & Sullivan, despite the economic downturn and decrease in the overall branding and advertising service market in 2022, some market players with the strong capabilities to provide diversified services (i.e. both one-stop services and single category of services) can secure more business from their existing customers in 2022. In addition, according to Frost & Sullivan, under the economic downturn circumstances, small and medium-sized private enterprises are inclined to conduct marketing strategies to improve their operating and financial conditions, which can stimulate their demands for branding services, advertising services or marketing services while large enterprises generally have a greater ability to withstand risk against low profitability and therefore chose to cut their marketing budget at this time. Firstly, since our services are diversified, our recurring customers prefer to select us as their supplier with various service offerings to meet their diversified advertising needs. Our recurring customers approached us to provide branding services and then follow-up engagements on other services segments in FY2022. Secondly, over 70% of our customers in FY2022 are private enterprises which are inclined to use our branding strategies to improve their operating and financial conditions, which was evidenced by the increase in revenue of branding services from our recurring customers from approximately RMB60.1 million for FY2021 to RMB78.3 million for FY2022. As a result, the revenue of our branding services increased from approximately RMB74.9 million in FY2021 to approximately RMB90.5 million in FY2022, representing an increase of approximately 20.8% in FY2022.

(ii) Traditional offline media advertising services

For FY2021 and FY2022, our revenue generated from traditional offline media advertising services represented approximately 2.6% and 1.1% of our total revenue, respectively. As compared to FY2021, the decrease in revenue contribution of traditional offline media advertising services out of our total revenue for FY2022 was primarily attributable to the fact that fewer customers selected to place advertisements through traditional offline media, which is an industry norm as confirmed by Frost & Sullivan.

Our revenue generated from traditional offline media advertising services decreased from approximately RMB4.1 million for FY2021 to approximately RMB2.2 million for FY2022, primarily attributable to the decrease in the number of traditional offline media advertising services projects from 16 for FY2021 to 10 for FY2022 given our Group's strategy to focus on provision of online media advertising services and advertisement placement services in response to the changing consumer behaviour.

(iii) Online media advertising services

For FY2021 and FY2022, our revenue generated from online media advertising services represented approximately 29.3% and 23.2% of our total revenue, respectively. As compared to FY2021, the increase in revenue from online media advertising services for FY2022 was primarily attributable to the increasing popularity of online media in the PRC.

Our revenue generated from online media advertising services increased from approximately RMB46.2 million for FY2021 to approximately RMB48.1 million for FY2022, primarily attributable to the revenue contribution of approximately RMB9.1 million from new advertising agents for FY2022, which approached us to place online advertisements on popular media platforms in the PRC because of the increasing demand from the end customers of these advertising agents. Given the increasing popularity and large audience base of online media, advertisers were more inclined to conduct advertising and marketing through online platforms with large amounts of user traffic, thus further promoting the development of the online media advertising market.

According to Frost & Sullivan, in FY2022, the growth rates of the total expenditure of brand owners or advertisers in the PRC and Hubei Province in online media advertising services were approximately -6.3% and -2.2%, respectively. Our Group's revenue growth rate in online media advertising services in FY2022 was higher than industry growth rates in the PRC and Hubei Province, mainly driven by our solid relationships with media suppliers. According to Frost & Sullivan, media resources are relatively concentrated and the quality media resources have already been occupied by leading advertising services providers. Therefore, solid relationships with media suppliers made some advertising service providers stand out among industry peers and achieve revenue growth against the negative industry growth in 2022. Despite a decrease in revenue contribution from new customers in FY2022, we recorded an increase in our revenue from online media advertising services, mainly attributable to the increase in revenue from recurring customers and four advertising agents out of the Ten Advertising Agents. In 2022, we continued to maintain close business relationship with various popular online media platforms (i.e. our advertising resources providers), and such solid relationships with them enable us to increase the attractiveness of our services to customers (including the new advertising agents) and achieve revenue growth. As a result, the revenue of our online media advertising services increased from approximately RMB46.2 million in FY2021 to approximately RMB48.1 million in FY2022, representing an increase of approximately 4.1% in FY2022.

(iv) Event execution and production services

For FY2021 and FY2022, our revenue generated from event execution and production services represented approximately 20.6% and 20.0% of our total revenue, respectively. As compared to FY2021, the decrease in revenue contribution of event execution and production services to our total revenue for FY2022 was primarily due to new revenue stream generated from advertisement placement services (including rebates from Media Partner).

Our revenue generated from event execution and production services increased from approximately RMB32.4 million for FY2021 to approximately RMB41.4 million for FY2022, primarily attributable to the increase in revenue from our recurring customers from approximately RMB25.8 million in FY2021 to approximately RMB38.6 million in FY2022 and the increase in our average revenue per project from approximately RMB321,000 in FY2021 to approximately RMB445,000 in FY2022 as a result of (i) the post-COVID recovery of the economic activities, public transport services and scene activities in the PRC in FY2022; and (ii) the increasing demand for combining different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign.

According to Frost & Sullivan, in FY2022, the growth rates of the total expenditure of brand owners or advertisers in the PRC and Hubei Province in events execution and production services were approximately -2.2% and -6.5%, respectively. Our Group's revenue growth rate in events execution and production services in FY2022 was much higher than industry growth rates in the PRC and Hubei Province, mainly driven by (i) our capability to provide diversified services; and (ii) the characteristics of our customer types. Firstly, since our services are diversified, our recurring customers prefer to select us as their supplier with various service offerings to meet their needs. Our recurring customers approached us to provide branding services and then diversified advertising follow-up engagements on other services segments including event execution and production services in FY2022. Secondly, over 70% of our customers in FY2022 are private enterprises which are inclined to use our different means of marketing strategies to improve their operating and financial conditions, which was evidenced by the increase in revenue of event execution and production services from our recurring customers from approximately RMB25.8 million for FY2021 to approximately RMB38.6 million for FY2022. As as result, the revenue of our event execution and production services increased from approximately RMB32.4 million in FY2021 to approximately RMB41.4 million in FY2022, representing an increase of approximately 27.6% in FY2022.

(v) Provision of advertisement placement services (including rebates from Media Partner)

We commenced to provide the provision of advertisement placement services in FY2022 and hence no revenue was generated from this segment in FY2021. For FY2022, we generated revenue of approximately RMB24.9 million from the provision of advertisement placement services (including rebates from Media Partner), which represented approximately 12.0% of our total revenue. The revenue was primarily attributable to the cooperation agreement entered into between us and the Media Partner, pursuant to which we can place online advertisements on the various online media platforms operated by the Media Partner. For details of the various online media platforms operated by the Media Partner, please refer to the paragraph headed "Business – Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this document. Through this cooperation, we could provide the provision of advertisement placement services based on requests of our customers and we recruited a total of 87 new customers in FY2022, which contributed revenue of approximately RMB24.9 million.

According to Frost & Sullivan, due to fierce competition in the market, some market players have been striving to expand their service scope, such as the advertisement placement services (including short video advertisements) to provide more choices for the customers and meet their diversified needs as well as enrich their revenue sources. Some advertising agents, who are new to this field, would like to choose to work with some experienced online media advertising service providers like us with specific online advertising strengths, such as solid relationships with media suppliers. As a result of our solid relationships with the Media Partner and our professional operation team, we experienced rapid growth in the provision of advertisement placement services (including rebates from Media Partner) in FY2022 against the negative industry growth in 2022.

4M2023 vs 4M2022

Overall

Our revenue increased from approximately RMB60.7 million for 4M2022 to approximately RMB75.0 million for 4M2023, primarily attributable to the increase in revenue from the provision of branding services, event execution and production services and advertisement placement services (including rebates from Media Partner) as a result of the growing market demand for our branding, advertising and marketing services, which were partially offset by the decrease in revenue from the provision of online media advertising services and traditional offline media advertising services as a result of our Group's strategy to focus on online media advertising services and new revenue stream of provision of advertisement placement services and the application of net basis on revenue recognition for these two services to our customers. According to National Bureau of Statistics, for 4M2023, online retail sales in the PRC reached approximately RMB4,410.8 billion, representing an increase of approximately 12.3% as compared to that for 4M2022. The growth of the online retail sales in the PRC stimulated more customers to select our advertisement placement services to boost up their sales. As such, we generated revenue of approximately RMB18.7 million from our revenue stream of provision of advertisement placement services (including rebates from Media Partner) for 4M2023, while we did not have such revenue in 4M2022. Further, at the end of 2022, the Chinese government has removed anti-epidemic measures in light of the stabilisation of COVID-19 situation and with a view to enabling citizens to resume their normal daily lives. Accordingly, the economic activities and scene activities, such as cultural events, exhibitions and conferences were resumed to normal during 4M2023 while certain cities of the PRC were under lockdown from March 2022 to May 2022 as affected by the resurgence of COVID-19. As such, the demand for our event execution and production services increased and our revenue from event execution and production services increased from approximately RMB10.4 million for 4M2022 to approximately RMB15.6 million for 4M2023.

(i) Branding services

For 4M2022 and 4M2023, our revenue generated from branding services represented approximately 45.5% and 38.3% of our total revenue, respectively. As compared to 4M2022, the decrease in revenue contribution of branding services out of our total revenue for 4M2023 was primarily attributable to shifting the focus on the provision of advertisement placement services (including rebates from Media Partner) during 4M2023 since we commenced this business segment since May 2022.

Our revenue generated from branding services increased from approximately RMB27.6 million for 4M2022 to approximately RMB28.7 million for 4M2023, primarily attributable to the increase in average revenue per project from approximately RMB627,000 for 4M2022 to approximately RMB870,000 for 4M2023 as a result of (i) engagement of 7 branding services projects with a contract sum of over RMB3 million from recurring customers; and (ii) more revenue generated from our new customers as they recognised our branding services which can enhance their brands and increase their competitiveness. Such increases were partially offset with the decrease in revenue of our other recurring customers.

(ii) Traditional offline media advertising services

For 4M2022 and 4M2023, our revenue generated from traditional offline media advertising services represented approximately 1.4% and nil of our total revenue, respectively. As compared to 4M2022, the decrease in revenue contribution of traditional offline media advertising services out of our total revenue for 4M2023 was primarily attributable to the fact that our Group did not undertake any traditional offline media advertising services project in 4M2023.

Our revenue generated from traditional offline media advertising services decreased from approximately RMB0.9 million for 4M2022 to nil for 4M2023, primarily attributable to the decrease in the number of traditional offline media advertising services projects from 4 for 4M2022 to nil for 4M2023 given our Group's strategy to focus on online media advertising services and the provision of advertisement placement services in response to the changing consumer behaviour.

(iii) Online media advertising services

For 4M2022 and 4M2023, our revenue generated from online media advertising services represented approximately 35.9% and 16.0% of our total revenue, respectively. As compared to 4M2022, the decrease in revenue contribution of online media advertising services out of our total revenue for 4M2023 was primarily attributable to the decrease in revenue generated from this segment and the revenue stream generated from the provision of advertisement placement services (including rebates from Media Partner).

Our revenue generated from online media advertising services decreased from approximately RMB21.8 million for 4M2022 to approximately RMB12.0 million for 4M2023, primarily attributable to the revenue contribution of approximately RMB10.2 million from nine advertising agents out of the Ten Advertising Agents for 4M2023 and revenue from which were recognised on a net basis since we act as an agent instead of principal when we provided the online media advertising services to them. In contrast, we did not provide online media advertising services to any of the Ten Advertising Agents for 4M2022 and all revenue under online media advertising services for 4M2022 were recognised on a gross basis, hence a larger amount of revenue was recognised for 4M2022.

(iv) Event execution and production services

For 4M2022 and 4M2023, our revenue generated from event execution and production services represented approximately 17.2% and 20.8% of our total revenue, respectively. As compared to 4M2022, the increase in revenue contribution of event execution and production services to our total revenue for 4M2023 was primarily attributable to the increasing demand for our event execution and production services due to the reasons discussed below.

Our revenue generated from event execution and production services increased from approximately RMB10.4 million for 4M2022 to approximately RMB15.6 million for 4M2023, primarily attributable to the increase in the number of event execution and production services projects from 25 in 4M2022 to 37 in 4M2023. Our Directors believe that such increase was mainly attributable to (i) the removal of anti-epidemic measures in the PRC at the end of 2022 so that the economic activities and scene activities, such as cultural events, exhibitions and conferences were resumed to normal during 4M2023 while certain cities of the PRC were under lockdown from March 2022 to May 2022 as affected by the resurgence of COVID-19; and (ii) the increasing demand for combining different means of marketing such as scene activities and internet marketing to implement an effective marketing campaign.

(v) Provision of advertisement placement services (including rebates from Media Partner)

We commenced to provide the provision of advertisement placement services in May 2022 and hence no revenue was generated from this segment in 4M2022. For 4M2023, we generated revenue of approximately RMB18.7 million from the provision of advertisement placement services (including rebates from Media Partner), which represented approximately 24.9% of our total revenue. Such revenue was primarily attributable to the cooperation agreement entered into between us and the Media Partner, pursuant to which we can place online advertisements on the various online media platforms operated by the Media Partner. For details of the various online media platforms operated by the Media Partner, please refer to the paragraph headed "Business – Our principal business – Provision of advertisement placement services (including rebates from Media Partner)" in this document.

Breakdown of revenue by customer type

During the Track Record Period, our customers include brand owners and advertisers and the advertising agents in the PRC. The following table sets out a breakdown of the revenue by customer type during the Track Record Period:

	FY2020		**FY2021**		**FY2022**		**4M2022**		**4M2023**	
		Approximate % of total revenue		*Approximate % of total revenue*		*Approximate % of total revenue*		*Approximate % of total revenue*		*Approximate % of total revenue*
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Brand owners and advertisers	**97,207**	**94.0**	**147,883**	**93.8**	**160,678**	**77.6**	**55,444**	**91.4**	**46,398**	**61.9**
– Private enterprises	86,966	84.1	131,197	83.2	145,815	70.4	47,818	78.8	42,981	57.3
– State-owned enterprises	3,883	3.8	9,170	5.8	7,632	3.7	3,641	6.0	3,331	4.5
– Government authorities	6,358	6.1	7,516	4.8	7,231	3.5	3,985	6.6	86	0.1
Advertising agents	**6,237**	**6.0**	**9,754**	**6.2**	**46,489**	**22.4**	**5,219**	**8.6**	**28,616**	**38.1**
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100.0**	**75,014**	**100.0**

During the Track Record Period, our revenue from brand owners and advertisers represented our principal component by customer type.

During FY2020 and FY2021, the contribution as percentage in the total revenue by brand owners and advertisers remained relatively stable at approximately 94.0% and 93.8%, respectively. Due to the cooperation agreement entered into between us and the Media Partner and the commencement of the business relationship with certain new advertising agents in 2022 and 2023, more advertising agents approached us for the provision of advertisement placement services to place advertisements on the various online media platforms operated by the Media Partner and other third-party online media platforms for their customers for FY2022 and 4M2023. Therefore, revenue contribution of advertising agents increased from approximately 6.2% for FY2021 to approximately 22.4% for FY2022 and increased from approximately 8.6% for 4M2022 to approximately 38.1% for 4M2023. Due to the significant increase in revenue attributable to advertising agents, while the amount of revenue generated from brand owners and advertisers increased in FY2022 as compared to the prior year, their contribution as percentage to total revenue decreased from approximately 93.8% for FY2021 to approximately 77.6% for FY2022. As a result of the increase in revenue contribution from advertising agents, revenue contribution from brand owners and advertisers for 4M2023 decreased to approximately 61.9% from approximately 91.4% for 4M2022.

FY2021 vs FY2020

Brand owners and advertisers

Our revenue generated from brand owners and advertisers increased from approximately RMB97.2 million for FY2020 to approximately RMB147.9 million for FY2021, primarily attributable to (i) the gradual recovery of the advertising market in the PRC following the effective control of COVID-19 with the increased advertising and marketing budgets of brand owners and advertisers; and (ii) new brand owners and advertisers engaged us as a result of our enhanced sales efforts. Our five largest customers for FY2021 were private enterprises from the automobile manufacturing, healthcare food production, health and beverage industries. In particular, during FY2021, revenue contribution by Customer E, Customer F and Customer D increased by approximately RMB2.8 million, RMB8.2 million and RMB0.3 million, respectively.

Advertising agents

Our revenue generated from advertising agents slightly increased from approximately RMB6.2 million for FY2020 to approximately RMB9.8 million for FY2021, primarily attributable to the increase in the number of advertising agents which engaged us as a result of our Group's strategy to expand the online media advertising services.

FY2022 vs FY2021

Brand owners and advertisers

Our revenue generated from brand owners and advertisers increased from approximately RMB147.9 million for FY2021 to approximately RMB160.7 million for FY2022, primarily attributable to (i) the continued increase in advertising and marketing budgets of recurring brand owners and advertisers to strengthen and rebuild their own brand competitiveness to enhance their customer royalty and increase their market share; and (ii) the engagements arising from the framework agreements entered in 2021, the details of which are set forth in the paragraph headed "Business – Our Competitive Strengths – We have maintained business relationships with customers from diverse industries" in this document. The revenue from private enterprises increased for FY2022, mainly due to the same reasons as the increase in revenue from brand owners and advertisers as discussed above.

Advertising agents

Our revenue generated from advertising agents increased from approximately RMB9.8 million for FY2021 to approximately RMB46.5 million for FY2022, primarily attributable to the increase in revenue generated from new advertising agents which approached us for the provision of advertisement placement services to place the online advertisements of their customers on the online media platforms operated by the Media Partner and/or other third parties. In particular, four new advertising agents approached us for the provision of advertisement placement services to place advertisements for its customers on the online media platform operated by third-party online platforms, which contributed revenue of approximately RMB9.1 million for FY2022. Aside from the contribution from these advertising agents, the increase in revenue generated from advertising agents was primarily attributable to (i) the revenue of approximately RMB24.9 million generated from other new online advertising agents which approached us for the provision of advertisement placement services on the online media platforms operated by the Media Partner; and (ii) the increase in demand for online media advertising services from the end-customers of other online advertising agents.

4M2023 vs 4M2022

Brand owners and advertisers

Our revenue generated from brand owners and advertisers decreased from approximately RMB55.4 million for 4M2022 to approximately RMB46.4 million for 4M2023, primarily attributable to (i) shifting our Group's focus on cooperating with the advertising agents for the advertisement placement services on the online media platforms of the Media Partner; and (ii) that we had outstanding unrecognised revenue of approximately RMB13.5 million from brand owners and advertisers at the end of 2021, while we only had outstanding unrecognised revenue of approximately RMB3.7 million from brand owners and advertisers at the end of 2022. As such, the revenue from each of private enterprises, state-owned enterprises and government authorities decreased during 4M2023.

Advertising agents

Our revenue generated from advertising agents increased from approximately RMB5.2 million for 4M2022 to approximately RMB28.6 million for 4M2023, primarily attributable to the increase in revenue generated from new advertising agents which approached us to place the online advertisements of their customers on the online media platforms operated by the Media Partner and/or other third parties. In particular, nine advertising agents out of the Ten Advertising Agents approached us to place advertisements for their customers on the online media platform operated by third-party online platforms, which contributed revenue of approximately RMB10.2 million for 4M2023. Apart from the revenue contribution from the above advertising agents, the increase in revenue generated from advertising agents was also primarily attributable to the revenue of approximately RMB18.4 million generated from other advertising agents which approached us for the provision of advertisement placement services on the online media platforms operated by the Media Partner for 4M2023.

Breakdown of revenue by industries of customers

During the Track Record Period, our customers were from different industries. The following table sets out a breakdown of revenue by industries of customers during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	RMB'000	*Approximate % of total revenue (%)*	*RMB'000*	*Approximate % of total revenue (%)*	*RMB'000*	*Approximate % of total revenue (%)*	*RMB'000 (unaudited)*	*Approximate % of total revenue (%)*	*RMB'000*	*Approximate % of total revenue (%)*
– Beverage	18,706	18.1	26,014	16.5	23,805	11.5	6,819	11.2	5,231	7.0
– Automobile manufacturing	13,799	13.4	19,373	12.3	28,134	13.5	7,948	13.1	16,792	22.4
– Household essentials manufacturing	12,459	12.0	11,648	7.4	16,195	7.9	6,666	11.0	3,371	4.5
– Medicine manufacturing	5,015	4.8	9,522	6.0	14,229	6.9	4,399	7.3	4,672	6.2
– Tourism	9,543	9.2	13,721	8.7	9,252	4.5	4,307	7.1	3,409	4.6
– Health *(Note 1)*	30	0.0	8,604	5.5	6,864	3.3	1,031	1.7	2,363	3.2
– Retail	9	0.0	10,513	6.7	12,123	5.9	5,913	9.7	1,895	2.5
– Advertising	6,237	6.0	8,751	5.6	46,499	22.4	5,219	8.6	29,110	38.8
– Agricultural and related food processing	12,025	11.6	5,054	3.2	7,857	3.8	3,641	6.0	405	0.5
– Food production	11	0.0	5,731	3.6	4,228	2.0	1,889	3.1	–	–
– Healthcare food production	17,885	17.3	8,503	5.4	12,804	6.2	4,717	7.8	2,580	3.4
– Real estate development	82	0.1	3,557	2.3	2,604	1.3	1,297	2.1	–	–
– Metal products manufacturing	179	0.2	3,958	2.5	2,838	1.4	1,014	1.7	1,760	2.3
– Education	461	0.5	4,010	2.5	2,466	1.2	1,149	1.9	204	0.3
– Public management and welfare	1,960	1.9	2,871	1.8	2,134	1.0	1,002	1.7	31	–
– Catering	638	0.6	1,118	0.7	1,117	0.5	316	0.5	20	–
– Beauty-care	4,142	4.0	4,417	2.8	3,751	1.8	556	0.9	1,538	2.1
– Civil engineering	–	–	2,490	1.6	844	0.4	418	0.7	–	–
– Information technology	–	–	–	–	755	0.4	755	1.2	24	–
– Recreation, sports and culture	8	0.0	2,009	1.3	–	–	–	–	–	–
– Commercial services	15	0.0	1,847	1.2	–	–	404	0.7	–	–
– Financial services	57	0.1	826	0.5	–	–	–	–	–	–
– Wholesale	–	–	291	0.2	2,991	1.4	–	–	425	0.6
– Textiles	–	–	–	–	1,245	0.6	–	–	–	–
– Others *(Note 2)*	183	0.2	2,809	1.7	4,432	2.1	1,203	2.0	1,184	1.6
Total	**103,444**	**100.0**	**157,637**	**100.0**	**207,167**	**100.0**	**60,663**	**100.0**	**75,014**	**100.0**

Notes:

1. Health mainly included plastic surgery hospitals.

2. Others primarily represented customers from various industries such as transportation, water supply and chemicals.

During the Track Record Period, the revenue contribution from customers engaging in medical, aesthetic medical or similar businesses, such as medicine manufacturing and health industries for each of the year/period during the Track Record Period was approximately RMB5.0 million, RMB18.1 million, RMB21.1 million and RMB7.0 million, respectively, representing approximately 4.8%, 11.5%, 10.2% and 9.5% of our total revenue, respectively.

FY2021 vs FY2020

During the two years ended 31 December 2021, customers from industries including health, retail, food production, real estate development, metal products manufacturing, and education in aggregate accounted for approximately 0.8% and 23.1% to our total revenue, respectively. In general, the increasing revenue contribution in these industries for FY2021 as compared to FY2020 was primarily attributable to (i) enhanced efforts of our sales team to secure new customers in these industries, for instance, a real estate developer, a snack retailer, and a braised duck-related casual food manufacturer, which contributed revenue of approximately RMB2.9 million, RMB3.0 million, and RMB3.1 million for FY2021, respectively; (ii) the increase in revenue from our existing major customers in these industries, for instance, the increase in revenue from an e-commerce retailer and Customer F of approximately RMB4.1 million and RMB8.2 million, respectively, mainly due to their increased marketing budgets in order to expand their market shares and the increased number of Follow-up Engagements as a result of the provision of branding services to these customers; and (iii) the continued increase in market demand on the products and services of certain industries in FY2021 after the effective control of COVID-19, such as health and retail in the PRC. Following the ease of the travel and lockdown restrictions, tourism and automobile manufacturing industry generally resumed to normal in FY2021. Thus, our Group focused on liaising and communicating with these corporate clients to discuss their marketing plans and advertising strategies for facilitating their advertising plan in 2021.

On the other hand, there was a decrease in revenue from household essentials manufacturing, healthcare food production and agricultural and related food processing industries for FY2021, primarily as a result of the decrease of our revenue from (i) the decrease in revenue generated from Hubei Lianle Bedding Group Company Limited (湖北聯樂床具集團有限公司) (a top 5 customer for FY2020 and FY2022) by approximately RMB2.1 million, primarily attributable to lesser scope of services in the advertising plan; (ii) the decrease in revenue generated from Customer A by approximately RMB9.4 million, primarily attributable to the reduction in the scope of branding services; (iii) the decrease in revenue generated from Guangdong Chu Bang Food Company Limited (廣東廚邦食品有限公司), a manufacturer of condiments in the PRC, of approximately RMB3.4 million, because fewer advertisements were placed through TV advertising from this customer in view of the growing popularity of online media in the PRC; and (iv) a green food supplier, which is a subsidiary of a listed company on the Stock Exchange, of approximately RMB3.4 million, primarily attributable to the decrease in its promotional expenditures.

For FY2021, the increases in our Group's revenue from automobile manufacturing, medicine manufacturing and advertising industries were mainly due to the industry growths at the rates of approximately 6.2%, 18.6% and 15.2%, respectively, in FY2021 and our customers in these three industries have increased their marketing expenditure with an aim to expand business and increase market share. For the healthcare food production industry, the industry growth rate was approximately 8.3% in FY2021 while our Group recorded a decrease in revenue from healthcare food production industry in FY2021. It was mainly attributable to the decrease in the revenue generated from Customer A, which was engaged in healthcare food aspects. Such decrease was mainly due to the reduction in scope of our branding services provided to Customer A in FY2021.

FY2022 vs FY2021

For FY2021 and FY2022, customers from advertising industry accounted for approximately 5.6% and 22.4% of our total revenue, respectively. The increasing revenue contribution from advertising industry for FY2022 was primarily attributable to the increase in demand from advertising agents for our provision of advertisement placement services to place advertisements for their customers on the online media platform operated by the Media Partner.

At the same time, there was a drop in revenue contribution from beverage and tourism industries. The revenue contribution from the beverage industry decreased from approximately 16.5% for FY2021 to approximately 11.5% for FY2022, primarily attributable to the decrease in revenue generated from Customer C of approximately RMB3.0 million as a result of the decrease in its advertising budget for FY2022. The revenue contribution from tourism industry decreased from approximately 8.7% for FY2021 to approximately 4.5% for FY2022, as a result of the resurgence of COVID-19 in the PRC in 2022.

For FY2022, the increase in our Group's revenue from automobile manufacturing and healthcare food production industries was mainly due to the industry growth at the rates of approximately 6.3% and 10.4%, respectively, in 2022 and our customers in these two industries have increased their marketing expenditure with an aim to expand business and increase market share. For the medicine manufacturing industry, the industry growth rate was approximately -3.4% in FY2022 while our Group recorded an increase in revenue from medicine production industry in FY2022. It was mainly attributable to the increase in the revenue generated from Customer G, which was engaged in manufacturing and sales of drugs. Such increase was mainly due to the increase in its advertising budget on online media advertising services. For the advertising industry, the industry growth rate was approximately -6.4% in FY2022 while our Group recorded an increase in revenue from advertising industry in FY2022. It was mainly attributable to the increase in demand from advertising agents for our provision of advertisement placement services to place advertisements for their customers on the online media platforms operated by the Media Partner.

4M2023 vs 4M2022

For 4M2022 and 4M2023, customers from advertising and automobile manufacturing industries in aggregate accounted for approximately 21.7% and 61.2% of our total revenue, respectively. The increasing revenue contribution from these industries for 4M2023 was primarily attributable to (i) the increase in demand from advertising agents for our provision of advertisement placement services to place advertisements for their customers on the online media platforms operated by the Media Partner; and (ii) the industry growth of automobile manufacturing industry, which recorded an increase of approximately 4.4% in the first quarter of 2023 as compared to the corresponding period in 2022, according to the National Bureau of Statistics which caused the brand owners in this industry to increase their spending on branding and advertising.

At the same time, there was a decrease in revenue contribution from household essentials manufacturing and healthcare food production industries. The revenue contribution from the household essentials manufacturing and healthcare food production industry decreased from approximately 18.8% for 4M2022 to approximately 7.9% for 4M2023, primarily attributable to (i) the decrease in number of our customers which were engaged in household essential manufacturing during 4M2023; and (ii) the decrease in revenue generated from Customer A by approximately RMB2.1 million as a result of the decrease in its advertising budget for 4M2023.

Cost of services

Our cost of services represented the procurement of media dissemination services, cost of event related services provided by suppliers, transportation and travelling cost, creative production cost, direct labour cost and depreciation. Our cost of services may vary significantly from project to project primarily depending on our budget, project format, the media platform or event location and commercial negotiations. The composition of our cost of services may also vary due to these factors.

Breakdown of cost of services by service type

The following table sets out a breakdown of our cost of services and percentage contribution to our total cost of services by service type during the Track Record Period:

	FY2020		**FY2021**		**FY2022**		**4M2022**		**4M2023**	
		Approximate % of total cost of services		*Approximate % of total cost of services*		*Approximate % of total cost of services*		*Approximate % of total cost of services*		*Approximate % of total cost of services*
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Branding services	27,528	45.5	35,707	35.7	40,330	38.8	12,736	32.0	15,264	54.0
Traditional offline media advertising services	7,584	12.5	3,600	3.6	1,912	1.8	859	2.2	–	–
Online media advertising services	15,495	25.6	39,409	39.4	32,806	31.6	19,148	48.2	1,436	5.1
Event execution and production services	9,952	16.4	21,250	21.3	27,108	26.1	6,998	17.6	10,251	36.3
Provision of advertisement placement services	–	–	–	–	1,726	1.7	–	–	1,316	4.6
Total	**60,559**	**100.0**	**99,966**	**100.0**	**103,882**	**100.0**	**39,741**	**100.0**	**28,267**	**100.0**

FY2021 vs FY2020

For FY2020 and FY2021, branding services and online media advertising services represented our two largest revenue streams, which in aggregate accounted for approximately 71.1% and 75.1% of our total cost of services for FY2020 and FY2021, respectively.

Our total cost of services increased from approximately RMB60.6 million for FY2020 to approximately RMB100.0 million for FY2021, primarily attributable to the increase in our cost of services of branding services, online media advertising services and event execution and production services as a result of the increase in revenue from these segments.

FY2022 vs FY2021

For FY2021 and FY2022, branding services and online media advertising services in aggregate accounted for approximately 75.1% and 70.4% of our total cost of services, respectively. For provision of advertisement placement services (including rebates from Media Partner) and some of our online media advertising services provided to four new advertising agents out of the Ten Advertising Agents, our Group recognised revenue on a net basis. The staff costs and depreciation derived from the provision of advertisement placement services were recognised in our cost of services.

Our total cost of services increased from approximately RMB100.0 million for FY2021 to approximately RMB103.9 million for FY2022, primarily attributable to the increase in our cost of services of branding services, and event execution and production services as a result of the increase in revenue from these segments.

4M2023 vs 4M2022

For 4M2022, branding services and online media advertising services in aggregate accounted for approximately 80.2% of our total cost of services. On the other hand, for 4M2023, branding services and event execution and production services in aggregate accounted for approximately 90.3% of our total cost of services. For the provision of advertisement placement services (including rebates from Media Partner) and some of our online media advertising services provided to the nine advertising agents out of the Ten Advertising Agents in 4M2023, our Group recognised revenue on a net basis. The staff costs and depreciation derived from the provision of advertisement placement services were recognised in our cost of services. No direct costs for the online media advertising services to the Ten Advertising Agents were recognised in the cost of services.

Our total cost of services decreased from approximately RMB39.7 million for 4M2022 to approximately RMB28.3 million for 4M2023, primarily attributable to the decrease in our cost of services of online media advertising services as a result of the application of net basis on revenue recognition for the nine advertising agents out of the Ten Advertising Agents under online media advertising services for 4M2023 and there were no cost of services recognised for the revenue generated from those agents. On the other hand, we did not provide any online media advertising services to those agents in 4M2022 and all revenue was recognised on a gross basis under online media advertising services for 4M2022.

Breakdown of cost of services by nature

The following table sets out breakdown of our cost of services and percentage contribution to our total cost of services by nature during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
		Approximate % of total cost of services		*Approximate % of total cost of services*		*Approximate % of total cost of services*		*Approximate % of total cost of services*		*Approximate % of total cost of services*
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Branding services – third-party research expenses	15,842	26.2	17,031	17.0	22,522	21.7	6,990	17.6	8,694	30.8
Branding services – third party design and production costs	8,323	13.7	13,658	13.7	11,661	11.2	3,894	9.8	4,057	14.3
Traditional offline media advertising services	7,584	12.5	3,600	3.6	1,911	1.8	859	2.2	–	–
Online media advertising services	15,495	25.6	39,409	39.4	32,806	31.6	19,148	48.2	1,436	5.1
Event execution and production services	9,130	15.1	20,133	20.2	25,968	25.0	6,393	16.0	9,436	33.4
Provision of placement services – staff costs	–	–	–	–	919	0.9	–	–	778	2.7
Provision of placement services – depreciation	–	–	–	–	807	0.8	–	–	538	1.9
Direct staff costs	3,363	5.6	5,018	5.0	6,147	5.9	1,852	4.7	2,513	8.9
Rental expenses	822	1.3	1,117	1.1	1,141	1.1	605	1.5	815	2.9
	60,559	**100.0**	**99,966**	**100.0**	**103,882**	**100.0**	**39,741**	**100.0**	**28,267**	**100.0**

Costs of branding services primarily represented (i) our staff costs which were directly attributable to the provision of branding services; (ii) third-party research expenses paid to research institutes and marketing research companies for conducting market research; and (iii) costs incurred in third-party content production houses and design companies. During the Track Record Period, the fluctuation of cost contribution of branding services out of our total cost of services, including third-party research expenses and third-party design and production costs, was primarily attributable to the increasing cost attribution of online media advertising services and event execution and production services.

Costs of traditional offline media advertising services and online media advertising services primarily represented procurement costs payable to broadcasting media platforms covering TV, online video platforms, new media and outdoor platforms for securing various online and offline media advertising resources. The fluctuation of balances was primarily attributable to the change in revenue in both segments during the Track Record Period.

Costs of event execution and production services primarily represented third-party costs incurred in organising and hosting marketing events and activities, which generally comprised (i) venue rental expenses; (ii) equipment rental and promotional material purchase costs; and (iii) production of marketing contents costs. The increase in balances were in line with the increase in revenue of the business segment.

The staff costs incurred under provision of advertisement placement services mainly represented direct labour costs for operating and monitoring the customers' accounts at the platform of the Media Partner while the depreciation incurred under provision of advertisement placement services was the depreciation of video production equipment for the advertisement placement. We only commenced the provision of advertisement placement services since May 2022, so no such costs were recorded in FY2020, FY2021 and 4M2022.

Sensitivity and breakeven analysis of cost of services

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our cost of services on our profit before income tax expense and net profit during the Track Record Period, which is calculated by using the respective effective tax rate during the Track Record Period and holding other variables constant. Our cost of services was approximately RMB60.6 million, RMB100.0 million, RMB103.9 million and RMB28.3 million for FY2020, FY2021, FY2022 and 4M2023, respectively. Fluctuations are assumed to be 5%, 10%, 15%, 20% and 30% for FY2020, FY2021, FY2022 and 4M2023, respectively.

Changes in our cost of services	**+30%**	**+20%**	**+15%**	**+10%**	**+5%**	**-5%**	**-10%**	**-15%**	**-20%**	**-30%**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Decrease)/ Increase in profit before income tax expense for FY2020	(18,168)	(12,112)	(9,084)	(6,056)	(3,028)	3,028	6,056	9,084	12,112	18,168
(Decrease)/ Increase in profit before income tax expense for FY2021	(29,990)	(19,993)	(14,995)	(9,997)	(4,998)	4,998	9,997	14,995	19,993	29,990

Changes in our cost of services	**+30%**	**+20%**	**+15%**	**+10%**	**+5%**	**-5%**	**-10%**	**-15%**	**-20%**	**-30%**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Decrease)/ Increase in profit before income tax expense for FY2022	(31,165)	(20,776)	(15,582)	(10,388)	(5,194)	5,194	10,388	15,582	20,776	31,165
(Decrease)/Increase in profit before income tax expense for 4M2023	(8,480)	(5,653)	(4,240)	(2,827)	(1,413)	1,413	2,827	4,240	5,653	8,480
(Decrease)/ Increase in profit for FY2020	(14,888)	(9,926)	(7,444)	(4,963)	(2,481)	2,481	4,963	7,444	9,926	14,888
(Decrease)/ Increase in profit for FY2021	(23,926)	(15,951)	(11,963)	(7,975)	(3,988)	3,988	7,975	11,963	15,951	23,926
(Decrease)/ Increase in profit for FY2022	(25,588)	(17,059)	(12,794)	(8,529)	(4,265)	4,265	8,529	12,794	17,059	25,588
(Decrease)/Increase in profit for 4M2023	(7,107)	(4,738)	(3,554)	(2,369)	(1,185)	1,185	2,369	3,554	4,738	7,107

For illustrative purposes, for FY2020, FY2021, FY2022 and 4M2023, it is estimated that we would achieve breakeven on our profit before income tax expense if our cost of services increased by approximately 48.5%, 23.2%, 53.5% and 109.7%, respectively, with all other variables remaining constant.

Gross profit and gross profit margin

Gross profit represents the excess of revenue over cost of services. The following table sets forth the gross profit and gross profit margin by service type during the Track Record Period:

	FY2020		FY2021		FY2022		4M2022		4M2023	
	RMB'000	*Gross profit margin (%)*	*RMB'000*	*Gross profit margin (%)*	*RMB'000*	*Gross profit margin (%)*	*RMB'000 (unaudited)*	*Gross profit margin (%)*	*RMB'000*	*Gross profit margin (%)*
Branding services	33,727	55.1	39,219	52.3	50,172	55.4	14,860	53.8	13,448	46.8
Traditional offline media advertising services	882	10.4	483	11.8	292	13.2	17	1.9	–	–
Online media advertising services	2,970	16.1	6,787	14.7	15,339	31.9	2,603	12.0	10,591	88.1
Event execution and production services	5,306	34.8	11,182	34.5	14,272	34.5	3,442	33.0	5,362	34.3
Provision of advertisement placement services	–	–	–	–	14,789	89.5	–	–	12,247	90.3
Rebates from Media Partner	–	–	–	–	8,421	100.0	–	–	5,099	100.0
	42,885	41.5	57,671	36.6	103,285	49.9	20,922	34.5	46,747	62.3

Overall

Our overall gross profit and gross profit margin for FY2020, FY2021, FY2022 and 4M2023 was affected by our cost of services, which were project specific and largely varied by our service mix, customised services we provided and scale of each project. Accordingly, our gross profit and gross profit margin may vary from projects to projects. During the Track Record Period, in general, we experienced an increase in gross profit as a result of our increase in revenue. For FY2020, FY2021, FY2022 and 4M2023, our gross profit amounted to approximately RMB42.9 million, RMB57.7 million, RMB103.3 million and RMB46.7 million, respectively. Our gross profit margin was approximately 41.5%, 36.6%, 49.9% and 62.3% for FY2020, FY2021, FY2022 and 4M2023, respectively. The high gross profit margin for FY2020 was mainly attributable to the gross profit margin generated from the provision of branding services for FY2020. For FY2021, the decrease in our gross profit margin was mainly due to the increase in revenue contribution from online media advertising services and event execution and production services, which generally entailed relatively lower gross profit margins, as compared to that of branding services. For FY2022, our gross profit margin increased to approximately 49.9%, primarily attributable to (i) that we recognised revenue generated from our advertisement placement services (including rebates from Media Partner) on a net basis and most of the costs for such services had been netted off with the gross revenue; and (ii) the increase in revenue from our branding services which entailed a higher gross profit margin. Our gross profit margin increased from approximately 34.5% for 4M2022 to approximately 62.3% for 4M2023, primarily attributable to (i) the increase in revenue from the nine advertising agents out of the Ten Advertising Agents under online media advertising services; and (ii) the commencement of our advertisement placement services (including rebates from Media Partner) in May 2022, revenue from both of which were recognised on a net basis and most of the costs for aforesaid services had been netted off with the gross revenue.

(i) Branding services

Our gross profit derived from branding services increased from RMB33.7 million for FY2020 to approximately RMB39.2 million for FY2021 and further increased to approximately RMB50.2 million for FY2022. It was generally in line with the increase in revenue generated from such services during the three years ended 31 December 2022. Although we recorded an increase in revenue from branding services for 4M2023 as compared to 4M2022, we recorded a decrease in gross profit of branding services for 4M2023, primarily due to the decrease in gross profit margin of branding services. Accordingly, our gross profit derived from branding services decreased from approximately RMB14.9 million for 4M2022 to approximately RMB13.4 million for 4M2023.

There was no significant change in our gross profit margin of branding services during the three years ended 31 December 2022, amounting to approximately 55.1%, 52.3% and 55.4%, respectively. Since we generally adopt a cost-plus pricing approach in charging service fees to our customers according to our pricing policy, we maintained a stable gross profit margin during those periods. The decrease in gross profit margin of branding services from approximately 53.8% for 4M2022 to approximately 46.8% for 4M2023 was primarily attributable to the engagement of certain branding services projects which entailed gross profit margins of below 50% in order to increase our competitiveness and market share.

Our high gross profit margin of branding services was primarily attributable to the relatively lower costs incurred as compared to other business segments, since predominantly only our direct staff cost and third-party research expenses charged by the research institutes, instead of procurement costs of materials and media platforms, were incurred in the operation process of branding services for each customised project.

(ii) Traditional offline media advertising services

Our gross profit derived from traditional offline media advertising services decreased from approximately RMB882,000 for FY2020 to approximately RMB483,000 for FY2021 and RMB292,000 for FY2022, primarily attributable to the decrease in revenue generated from such services as a result of the general decrease in customers' demand in placing their advertisements on traditional offline media during the Track Record Period. Our gross profit derived from traditional offline media advertising services amounted to approximately RMB17,000 and nil for 4M2022 and 4M2023, respectively.

Our gross profit margin of traditional offline media advertising services remained stable for FY2020 and FY2021, amounting to approximately 10.4% and 11.8%, respectively, primarily attributable to the fact that we incurred similar costs in placing TV advertisements on television stations. Since we will generally adopt a cost-plus pricing approach in charging service fees to our customers according to our pricing policy, we maintained a stable gross profit margin for FY2020 and FY2021.

The increase in gross profit margin of traditional offline media advertising services from approximately 11.8% for FY2021 to approximately 13.2% for FY2022 was mainly attributable to the engagement of some traditional offline media projects with higher gross profit margins during FY2022. It was mainly due to (i) the increasing scope of works and content in the advertisement for certain traditional offline media services and thus we could charge higher pricing to the customers; and (ii) obtaining lower procurement costs of certain advertising resources for certain traditional offline media services.

Our gross profit margin of traditional offline media advertising services for 4M2022 and 4M2023 amounted to approximately 1.9% and nil, respectively.

(iii) Online media advertising services

We have commenced the provision of online media advertising services since 2018. Our gross profit of online media advertising services increased from approximately RMB3.0 million for FY2020 to approximately RMB6.8 million for FY2021 and further increased to approximately RMB15.3 million for FY2022, which was generally in line with the increase in revenue generated from such services. As a result of the increase in gross profit margin of online media advertising services for 4M2023, our gross profit derived from online media advertising services increased from approximately RMB2.6 million for 4M2022 to approximately RMB10.6 million for 4M2023 in spite of the decrease in revenue from such services during 4M2023. In FY2022 and 4M2023, we, acting as an agent instead of a principal, provided some online media advertising services to the Ten Advertising Agents and revenue from which were recognised on a net basis since when we provided the online media advertising services, we were not primarily obligated in fulfilling the promise to provide the online media advertising service and we did not have inventory risk before and after the online media advertising services has been transferred to the customers. In contrast, we did not provide online media advertising services to any of the Ten Advertising Agents for 4M2022 and all revenue under online media advertising services for 4M2022 were recognised on a gross basis which resulted in a lower gross profit margin for 4M2022.

In respect of these online media advertising services provided to the Ten Advertising Agents, pursuant to the supplier agreements entered between us and the advertising resources providers (i.e. our suppliers), if our suppliers lose the right to place advertisement on the online media platforms, our suppliers shall refund the unutilised portion of the advertising fees to our Group, and the parties' obligations under the agreement shall then cease. On the other hand, pursuant to our agreements entered between us and the Ten Advertising Agents, if we lose the right to place advertisement on the online media platforms, we shall refund the unutilised portion of the advertising fees to them, and the parties' obligations under the agreement shall then cease.

Based on the above, we have limited control over the provision of these online media advertising services. Our Group did not have primary obligation to fulfil the promise to provide the services to the Ten Advertising Agents as we are not required to continue providing services to them if we lose the right to place advertisement on the online media platforms. In addition, we did not have any inventory risk before and after the online media advertising services has been transferred to the customers since we did not own the advertising resources, given that our suppliers shall refund the unutilised portion of the advertising fees to our Group if our suppliers lose the right to place advertisement on the online media platforms and the obligations of us and suppliers under the agreement shall then cease.

Our gross profit margin of online media advertising services decreased slightly from approximately 16.1% for FY2020 to approximately 14.7% for FY2021, mainly attributable to the offer of relatively competitive prices to new customers to expand our customer base during FY2021. Our gross profit margin of online media advertising services increased from approximately 14.7% for FY2021 to approximately 31.9% for FY2022, mainly because we recognised revenue generated from new advertising agents under online media advertising services on a net basis, with such revenue amounting to approximately RMB9.1 million. Our gross profit margin of online media advertising services increased from approximately 12.0% for 4M2022 to approximately 88.1% for 4M2023, mainly because we recognised revenue generated from the nine advertising agents out of the Ten Advertising Agents under online media advertising services on a net basis during 4M2023 and all costs had been netted off with the gross revenue. We will generally adopt a cost-plus pricing approach in charging service fees to our customers according to our pricing policy.

(iv) Event execution and production services

Our gross profit derived from event execution and production services increased from approximately RMB5.3 million for FY2020 to approximately RMB11.2 million for FY2021 and further increased to approximately RMB14.3 million for FY2022, primarily attributable to the general increase in revenue generated from such services during the Track Record Period. Our gross profit of event execution and production services increased from approximately RMB3.4 million for 4M2022 to approximately RMB5.4 million for 4M2023, which was generally in line with the increase in revenue generated from such services segment.

Our gross profit margin of event execution and production services segment for FY2020, FY2021, FY2022 and 4M2023 remained stable at approximately 34.8%, 34.5%, 34.5% and 34.3%, respectively.

(v) Advertisement placement services (including rebates from Media Partner)

For our advertisement placement services (including rebates from Media Partner), we recognised revenue on a net basis and we only netted off the amounts paid to the suppliers to arrange for the relevant advertising resources for the customers under the provision of advertisement placement services with the gross revenue and the staff costs and depreciation incurred for the provision of advertisement placement services were separately presented under our cost of services. We have limited control over the provision of advertisement placement services we provided, which was primarily because (i) the service scope is restricted to those as requested by our customers; (ii) the final decisions of selecting the types of platforms on the Media Partner for advertisements placements are determined by our customers, rather than by us; (iii) we do not have ownership of the online media advertising resources provided by the Media Partner; and (iv) our customers have full discretion to determine and are wholly responsible for the advertisement expenditures and consumption during the course of advertisement placement, and the relevant prices of the expenditure and consumption are determined by the platform. Given the limited control of our Group over the provision of such services, we considered our Group only acted as an agent instead of a principal to provide such services and the revenue generated from the provision of advertisement placement services (including rebates from Media Partner) was recognised on a net basis. Therefore, the revenue for the provision of our advertisement placement services generated from our customers including the brand owners and advertisers and advertising agents will be offset with the costs paid to the Media Partner related to these transactions and was recognised on net basis in our consolidated statement of profit or loss, according to HKFRS 15. Under this arrangement, the Media Partner may also grant us rebates which were recorded as revenue under net basis in our consolidated statement of profit or loss. The gross profit margins of advertisement placement services for FY2022 and 4M2023 were approximately 89.5% and 90.3%, respectively.

During FY2022 and 4M2023, the total amount of costs/fees payable by our customers to our Group mainly included (i) the deposits injected into the advertising platform of the Media Partner for advertisement placement of approximately RMB174.0 million (net of taxes) and RMB110.1 million (net of taxes), respectively; and (ii) the service fee charged by us for our provision of advertisement placement services of approximately RMB20.9 million (net of taxes) and RMB14.6 million (net of taxes), respectively, which were offset by the rebates granted by us to our customers of approximately RMB4.4 million (net of taxes) and RMB1.0 million (net of taxes), respectively.

During FY2022 and 4M2023, the gross amount of costs charged by the Media Partner to us amounted to approximately RMB168.4 million and RMB108.2 million, respectively.

The following table illustrates the reconciliation of our revenue recorded under advertisement placement services on a gross basis to that on a net basis for FY2022 and 4M2023:

	FY2022	**4M2023**
	RMB'000	*RMB'000*
Deposits injected into the advertising platform of the Media Partner for advertisement placement *(Note 1)*	**174,049**	**110,124**
Add: Unrecognised revenue portion of the deposits injected into the advertising platform of the Media Partner at the end of previous year/period	–	5,674
Service fees charged by our Group *(Note 2)*	20,915	14,605
Less: Rebates granted by our Group to our customers *(Note 3)*	(4,400)	(1,042)
Less: Unrecognised revenue portion of the deposits injected into the advertising platform of the Media Partner as at the year/period end *(Note 4)*	(5,674)	(7,608)
Revenue (on gross basis)	**184,890**	**121,753**
Less: Costs charged by the Media Partner	(168,375)	(108,190)
Revenue (on net basis)	**16,515**	**13,563**
Rebates granted by the Media Partner	8,421	5,099
Total	24,936	18,662

Notes:

1. Such amount (net of taxes) represented (i) the deposits for advertisement placement costs paid by our customers to the Media Partner through us; and (ii) the deposits paid by us on behalf of our customers to the Media Partner for the advertisement placement costs before our customers settled our fees, which amounted to approximately RMB141.7 million and RMB110.1 million for FY2022 and 4M2023, respectively.

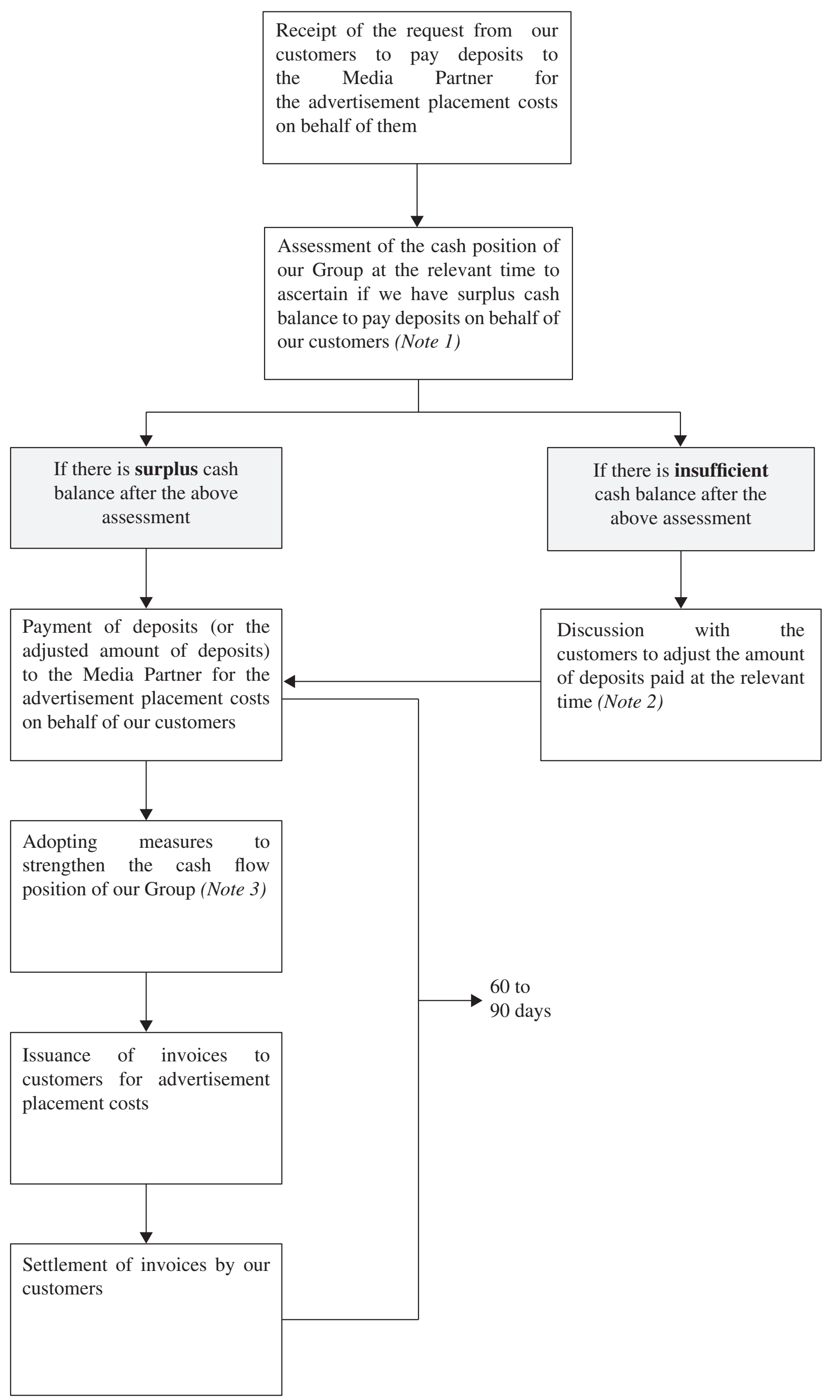
2. Such service fees (net of taxes) were equivalent to a certain percentage of the costs of advertisement placement on the online media platforms of the Media Partner during FY2022 and 4M2023. For details, please refer to the paragraph headed "Business – Our principal business – Provision of advertisement placement services (including rebates from Media Partner) – Pricing models" in this document.

3. Such amount (net of taxes) represented the rebates granted to the customers which was calculated based on the amount of deposits paid by the customers and which had been utlilised for advertisement placement costs.

   As disclosed in the paragraph headed "Business – Our principal business – Provision of advertisement placement services (including rebates from Media Partner) – Pricing models" in this document, for FY2022 and 4M2023, the aggregate amount of rebates we granted to our customers was approximately RMB4.8 million and RMB1.1 million, respectively, whereas the rebates were RMB4.4 million and RMB1.0 million, respectively, in the above table. The differences were mainly due to the effect of taxes.

4. Such amount represented the amount of deposits paid by our Group on behalf of our customers or the deposits paid by our customers through us to the Media Partner but not yet utilised by our customers for advertisement placement as at 31 December 2022 (net of taxes) and 30 April 2023 (net of taxes).

As disclosed above, we pay deposits on behalf of our customers to the Media Partner for the advertisement placement costs before our customers settled our fees. To the best of knowledge and understanding of our Directors, the customers generally settled the advertisement placement costs and our service fees to us within 60 to 90 days after we paid deposits on behalf of them to the Media Partner. In relation to the aforesaid timing mismatch between our payment of advertisement placement costs to the Media Partner and the receipt of payments from our customers, the following diagram illustrates how our Group manages our exposure to working capital mismatch in respect of the provision of advertisement placement services:



Notes:

1. In assessing the cash position of our Group, we will take into account the available cash balance of our Group at the relevant time and our estimated cash inflows and cash outflows for that month and the coming month.

   With respect to the estimated amount of cash inflows for that month and the coming month, our Group will consider the followings:

   (i). the amount of settlement of the trade receivables by our customers from all business segments based on the outstanding invoices, the credit periods granted to the customers and the historical settlement pattern by the customers; and

   (ii). the amount of bank borrowings, if any, which our Group expects to draw down during that month and the coming month.

   With respect to the estimated amount of cash outflows for that month and the coming month, our Group will consider the followings:

   (i). our Group's daily operating expenses mainly included salaries expenses, rental expenses, entertainment expenses, travelling expenses and R&D expenses;

   (ii). the amount of settlement of the trade payables by our Group for all business segments during that month and the coming month based on the outstanding invoices, the credit periods granted to us by the suppliers and the historical settlement pattern by our Group;

   (iii). payment of the principals and interests for bank borrowings; and

   (iv). payment of income tax in accordance with the tax laws in the PRC.

2. We would discuss with the customers to lower the amount of deposits paid by us on behalf of them at the relevant time. Pursuant to the framework agreements entered into between our Group and the customers, we are not contractually bound to pay deposits on behalf of the customers to the Media Partner and therefore our Group has the discretion to determine the amount of deposits paid by us on behalf of the customers depending on the cash position of our Group from time to time.

3. After we paid deposits on behalf of our customers to the Media Partner, we will adopt various measures to replenish the cash flow and strengthen the cash flow position of our Group as follows:

   (i). discussing with other customers to follow up on the outstanding trade receivables to try to shorten the settlement time;

   (ii). postponing the settlement of the trade payables to our suppliers to a later date which is still within the credit terms granted by the suppliers; and

   (iii). drawdown of bank borrowings when necessary.

Other income

Our other income primarily consisted of (i) bank interest income; (ii) government grants; (iii) COVID-19-related rent concessions from lessors; and (iv) input value-added tax surplus deduction during the Track Record Period.

The table below sets forth a breakdown of our other income during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2022**	**4M2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Other income:					
Interest income	11	372	149	14	139
Government grants	154	100	3	–	211
COVID-19-related rent concessions from lessors	821	–	–	–	–
Input value-added tax surplus deduction *(Note a)*	236	482	250	130	2,287
Gain from the sales of office supplies	50	–	–	–	–
Total	**1,272**	**954**	**402**	**144**	**2,637**

Note a: Input value-added tax ("**VAT**") surplus deduction represented additional 10% of VAT based on the input VAT amount for our purchase of services and equipment, which were used to offset the output VAT to determine the net VAT payable or receivable. Such 10% of VAT offsetting with the output VAT shall be recognised as other income, according to relevant regulations issued by the government authorities.

FY2021 vs FY2020

Our other income decreased from approximately RMB1.3 million for FY2020 to approximately RMB1.0 million for FY2021, primarily attributable to the absence of the COVID-19-related rent concessions from lessors of approximately RMB0.8 million in FY2020. Such decrease was partially offset by the increase in interest income of approximately RMB0.4 million as a result of a loan we granted to an Independent Third Party during the period from January 2021 to April 2021. Please refer to the details of the Loan in the paragraph headed "Risk factor – We may be subject to penalties from the PBOC or adverse judicial rulings as a result of making a loan to a third-party enterprise during the Track Record Period" in this document.

FY2022 vs FY2021

Our other income decreased from approximately RMB1.0 million for FY2021 to approximately RMB0.4 million for FY2022, primarily because of the absence of the interest income derived from a loan we granted to an Independent Third Party during the period from

January 2021 to April 2021. For details of the loan, please refer to the paragraph headed "Risk Factors – We may be subject to penalties from the PBOC or adverse judicial rulings as a result of making a loan to a third-party enterprise during the Track Record Period" in this document.

4M2023 vs 4M2022

Our other income increased from approximately RMB144,000 for 4M2022 to approximately RMB2.6 million for 4M2023, primarily attributable to the increase in input value-added tax surplus deduction by approximately RMB2.2 million as a result of the increase in our purchase of services from the Media Partner for our provision of advertisement placement services for 4M2023.

During the Track Record Period, the government grants primarily represented government subsidies we received from the local government as an incentive for our business development and there are no unfulfilled conditions attached to the government grant.

Selling and marketing expenses

Our selling and marketing expenses primarily comprised salaries, travelling expenses, entertainment expenses, office expenses, utilities, depreciation and other expenses during the Track Record Period.

The following table sets forth a breakdown of the key components of our selling and marketing expenses during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2022**	**4M2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Salaries	1,834	2,667	3,024	1,026	1,499
Travelling expenses	315	620	1,073	231	468
Entertainment expenses	242	587	1,077	227	463
Office expenses	114	420	634	123	797
Utilities	–	26	47	–	–
Depreciation	157	154	437	59	43
Others	1	127	114	120	6
Total	2,663	4,601	6,406	1,786	3,276

Our selling and marketing expenses increased from approximately RMB2.7 million for FY2020 to approximately RMB4.6 million for FY2021 and further increased to approximately RMB6.4 million for FY2022, primarily attributable to the increase in salaries, travelling expenses, entertainment expenses and depreciation which was in line with our business growth during the Track Record Period. Our selling and marketing expenses increased from approximately RMB1.8 million for 4M2022 to approximately RMB3.3 million for 4M2023, mainly due to the increase in salaries, travelling expenses, entertainment expenses and office expenses as a result of our continued business growth during the period.

FY2021 vs FY2020

Our selling and marketing expenses increased from approximately RMB2.7 million for FY2020 to approximately RMB4.6 million for FY2021, primarily attributable to the increase in salaries, travelling expenses and entertainment expenses as a result of the business growth in FY2021.

Our salaries increased from approximately RMB1.8 million for FY2020 to approximately RMB2.7 million for FY2021, primarily attributable to the increase in both number and salaries of our sales team for the business expansion during the year.

Our travelling expenses and entertainment expenses increased from approximately RMB557,000 for FY2020 to approximately RMB1.2 million for FY2021 due to the fact that more business trips were made to explore potential clients after the COVID-19 Outbreak.

FY2022 vs FY2021

Our selling and marketing expenses increased from approximately RMB4.6 million for FY2021 to approximately RMB6.4 million for FY2022, mainly due to the increase in salaries, travelling expenses, entertainment expenses and depreciation as a result of the business growth in FY2022.

Our salaries increased from approximately RMB2.7 million for FY2021 to approximately RMB3.0 million for FY2022, primarily attributable to increase in both number and salaries of salesperson for the business expansion during the year.

Our travelling expenses and entertainment expenses increased from approximately RMB1.2 million for FY2021 to approximately RMB2.2 million for FY2022, which were in line with our business growth in FY2022.

Our depreciation increased from approximately RMB0.2 million for FY2021 to approximately RMB0.4 million for FY2022, mainly attributable to the depreciation of the three motor vehicles acquired in FY2022, which were used for business travels.

4M2023 vs 4M2022

Our selling and marketing expenses increased from approximately RMB1.8 million for 4M2022 to approximately RMB3.3 million for 4M2023, mainly due to the increase in salaries, travelling expenses, entertainment expenses and office expenses as a result of the business growth in 4M2023.

Our salaries increased from approximately RMB1.0 million for 4M2022 to approximately RMB1.5 million for 4M2023, primarily attributable to the increase in the number of staff in our sales team and media operation team for the business expansion during the period.

Our travelling expenses and entertainment expenses increased from approximately RMB458,000 for 4M2022 to approximately RMB931,000 for 4M2023, respectively, which were in line with our business growth in 4M2023.

Our office expenses increased from approximately RMB123,000 for 4M2022 to approximately RMB797,000 for 4M2023, mainly due to the increase in office equipment for our business expansion during the period.

Administrative expenses (including [REDACTED])

Our administrative expenses primarily comprised R&D expenses, salaries, travelling expenses, entertainment expenses, office expenses, depreciation and [**REDACTED**] during the Track Record Period.

The following table sets forth a breakdown of our administrative expenses during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2022**	**4M2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
R&D expenses	4,684	10,835	17,452	4,535	4,983
Salaries	1,889	2,342	2,811	894	1,059
Depreciation	2,472	3,074	4,532	977	2,325
Amortisation	–	1,090	1,165	388	388
Travelling expenses	331	668	970	212	591
Entertainment expenses	187	382	816	154	417
Legal and professional fee	19	678	218	9	153
Rental and premise expenses	9	7	–	–	–
Promotion expenses	214	224	456	4	5
Office expenses	293	407	805	153	504
Utilities	10	20	27	–	–
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	123	421	292	94	44
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FY2021 vs FY2020

Our administrative expenses increased from approximately RMB10.3 million for FY2020 to approximately RMB31.5 million for FY2021, primarily attributable to the increase in [**REDACTED**], R&D expenses, salaries, depreciation and amortisation.

Our [**REDACTED**] mainly represented the legal and professional fees incurred for preparation of the [**REDACTED**] since the end of 2020.

Our R&D expenses increased from approximately RMB4.7 million for FY2020 to approximately RMB10.8 million for FY2021, primarily attributable to the increase in purchase of market data from the research institute (i.e. University A).

Our salaries increased from approximately RMB1.9 million for FY2020 to approximately RMB2.3 million for FY2021, primarily attributable to the increase in both number and salaries of administrative staff for the business expansion during the year.

Our depreciation increased from approximately RMB2.5 million for FY2020 to approximately RMB3.1 million for FY2021, primarily attributable to the addition of our leasehold improvements as a result of the decoration of our office premise in the second half of 2020.

Our amortisation represented the amortisation of our intangible assets which are our mobile application in the second half of 2020. The installation of such mobile application was completed in December 2020 and we commenced using it since the beginning of 2021.

FY2022 vs FY2021

Our administrative expenses increased from approximately RMB31.5 million for FY2021 to approximately RMB34.3 million for FY2022, primarily attributable to the increase in R&D expenses, salaries and depreciation, which were partially offset by the decrease in [**REDACTED**].

Our [**REDACTED**] decreased from approximately [**REDACTED**] for FY2021 to approximately [**REDACTED**] for FY2022, primarily because more [**REDACTED**] were incurred in the early stage for preparation of the [**REDACTED**] during FY2021.

Our R&D expenses increased from approximately RMB10.8 million for FY2021 to approximately RMB17.5 million for FY2022, primarily attributable to the increase in development expenses for developing broadcasting equipment and accessories and improving the functions of the existing broadcasting equipment and accessories to cater for our provision of our advertisement placement services for approximately RMB10.0 million, which was partially offset by the decrease in development expenses for the information management systems and software. In FY2022, our Group has further expanded the scope of our online media advertising services and started to provide advertisement placement services. As a result, we recorded an increase in revenue of the provision of advertisement placement services (including the rebates from Media Partner) of approximately RMB23.2 million in FY2022. For the provision of advertisement placement services, we required some broadcasting equipment and accessories to design and produce short advertisement videos for our customers. We engaged a third-party service provider to improve the design and functions of our existing broadcasting equipment and accessories, so as to expand the functions of such equipment and accessories (such as, among others, mutiple angles filming, etc.) and enhance the efficiency of our production of short advertisement videos for our customers. These broadcasting equipment and accessories mainly included portable recording equipment, portable camera box and camera stand parts, etc.

Our salaries increased from approximately RMB2.3 million for FY2021 to approximately RMB2.8 million for FY2022, primarily attributable to the increase in both number and salaries of administrative staff for business expansion during the year.

Our depreciation increased from approximately RMB3.1 million for FY2021 to approximately RMB4.5 million for FY2022, primarily attributable to the addition of our leasehold improvements as a result of the decoration of our office premise in Macheng and a video production room in Wuhan during the year.

4M2023 vs 4M2022

Our administrative expenses increased from approximately RMB9.3 million for 4M2022 to approximately RMB11.0 million for 4M2023, primarily attributable to the increase in R&D expenses, depreciation, travelling expenses, entertainment expenses, legal and professional fee and office expenses, which were partially offset by the decrease in [**REDACTED**].

Our [**REDACTED**] decreased from approximately RMB[**REDACTED**] for 4M2022 to approximately RMB[**REDACTED**] for 4M2023, primarily because more legal and professional fees were incurred in the early stage for preparation of the [**REDACTED**] during 4M2022.

Our R&D expenses increased from approximately RMB4.5 million for 4M2022 to approximately RMB5.0 million for 4M2023, which was primarily attributable to the increase in number of R&D staff for the business expansion during the period.

Our depreciation increased from approximately RMB1.0 million for 4M2022 to approximately RMB2.3 million for 4M2023, primarily attributable to the increase in the plant and equipment such as broadcasting equipment, office equipment, motor vehicles and leasehold improvements from May 2022 to December 2022.

Our travelling expenses and entertainment expenses increased from approximately RMB366,000 for 4M2022 to approximately RMB1.0 million for 4M2023 which were in line with our business growth in 4M2023.

Our legal and professional fee increased from approximately RMB9,000 for 4M2022 to approximately RMB153,000 for 4M2023, primarily attributable to the annual filing fees for our Group's entities in BVI.

Our office expenses increased from approximately RMB153,000 for 4M2022 to approximately RMB504,000 for 4M2023, mainly due to the increase in office equipment costs resulting from the increase in number of employees for business expansion during the period.

Finance costs

The following table sets forth a breakdown of our finance costs during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2022**	**4M2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest on borrowings	110	439	1,281	263	664
Interest on lease liabilities	352	254	176	68	40
Total	**462**	**693**	**1,457**	**331**	**704**

Our finance costs primarily represented interest expenses on borrowings and interest expenses on lease liabilities.

Our finance costs increased from approximately RMB0.5 million for FY2020 to approximately RMB0.7 million for FY2021, primarily attributable to the increase in bank borrowings during the year.

Our finance costs increased from approximately RMB0.7 million for FY2021 to approximately RMB1.5 million for FY2022, primarily attributable to the increase in bank borrowings during the year.

Our finance costs increased from approximately RMB0.3 million for 4M2022 to approximately RMB0.7 million for 4M2023, primarily attributable to the increase in bank borrowings during the period.

Income tax expense

The following table sets forth a breakdown of our income tax expense during the Track Record Period:

	FY2020	FY2021	FY2022	4M2022	4M2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Current year – PRC enterprise income tax	4,382	4,139	8,802	1,242	4,882
Deferred tax	976	543	1,149	392	136
Total	5,358	4,682	9,951	1,634	5,018

Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements and they are illustrated as follows:

(i) Hong Kong

No provision for Hong Kong profits tax has been made as we had no assessable profits arising in Hong Kong during the Track Record Period.

(ii) The PRC

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulations of the Enterprise Income Tax Law, our PRC entities in the PRC are subject to a corporate income tax at a rate of 25% on the taxable income.

Preferential tax treatment is available to Huashi Media, as it was recognised as "High and New Technology Enterprise" (高新技術企業) and were entitled to a preferential tax rate of 15% during the Track Record Period.

(iii) British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands, we are not subject to any income tax in the British Virgin Islands.

During the Track Record Period, we recorded income tax expenses of approximately RMB5.4 million, RMB4.7 million, RMB10.0 million and RMB5.0 million, respectively. Our effective tax rates, representing income tax expense divided by profit before income tax expense, was approximately 18.1%, 20.2%, 17.9% and 16.2% respectively.

During the Track Record Period, our effective tax rates were lower than the PRC statutory tax rate of 25%, primarily attributable to the entitlement of preferential tax rate of Huashi Media. Our effective tax rate increased from approximately 18.1% for FY2020, to approximately 20.2% for FY2021, primarily attributable to the increase in non-deductible [**REDACTED**] incurred in FY2021. Our effective tax rate decreased to approximately 17.9% for FY2022 and further decreased to approximately 16.2% for 4M2023 as less non-deductible [**REDACTED**] were incurred in FY2022 and 4M2023.

Profit for the year/period

As a result of the foregoing, our profit for the year or period amounted to approximately RMB24.3 million, RMB18.5 million, RMB45.7 million and RMB26.0 million during the Track Record Period, respectively. Our net profit margins, being profit for the year/period divided by our revenue, were approximately 23.5%, 11.7%, 22.0% and 34.6% during the Track Record Period, respectively.

YEAR TO YEAR/PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

FY2020 compared to FY2021

Revenue

Our revenue increased from approximately RMB103.4 million for FY2020 to approximately RMB157.6 million for FY2021, primarily attributable to the increase in revenue from branding services, online media advertising services and event execution and production services mainly as a result from the growing market demand for branding and advertising services after the COVID-19 Outbreak and our Group's enhanced sales efforts to secure new customers. For the growing market demand of branding services, online media advertising services and event execution and production services in FY2021, please refer to the paragraph headed "Description of selected items in consolidated statements of profit or loss and other comprehensive income – Revenue" in this section.

Cost of services

Our cost of services increased from approximately RMB60.6 million for FY2020 to approximately RMB100.0 million for FY2021, which was generally in line with our business growth.

Gross profit and gross profit margin

Our gross profit increased from approximately RMB42.9 million for FY2020 to approximately RMB57.7 million for FY2021, which was in line with our revenue growth.

Our gross profit margin decreased from approximately 41.5% for FY2020 to approximately 36.6% for FY2021, primarily attributable to the further decrease in revenue contribution of branding services from approximately 59.2% for FY2020 to approximately 47.5% for FY2021, as a result of the increase in revenue from online media advertising services and event execution and production services, which entailed relatively lower gross profit margins as compared to that of branding services.

Other income

Our other income decreased from approximately RMB1.3 million for FY2020 to approximately RMB1.0 million for FY2021, primarily attributable to the absence of the COVID-19-related rent concessions from lessors in FY2021, which was partially offset by the increase in interest income.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB2.7 million for FY2020 to approximately RMB4.6 million for FY2021, primarily attributable to (i) the increase in salaries mainly due to the increase in both number and salaries of our salesperson during the year for business expansion; and (ii) the increase in travelling expenses and entertainment expenses due to the fact that more business trips were made to explore potential clients after the COVID-19 Outbreak.

Administrative expenses (including* [REDACTED]*)

Our administrative expenses (including [**REDACTED**]) increased from approximately RMB[**REDACTED**] for FY2020 to approximately RMB[**REDACTED**] for FY2021, primarily attributable to (i) the increase in [**REDACTED**] related to the [**REDACTED**]; (ii) the increase in R&D expenses due to the increase in purchase of market data from the research institute (i.e. University A); (iii) the increase in both number and salaries of administrative staff during the year for the business expansion; (iv) the increase in depreciation as a result of the increase in our leasehold improvement; and (v) the increase in amortisation for our mobile application development.

Provision for/reversal of expected credit loss on financial and contract assets, net

Our provision of expected credit loss on financial and contract assets for FY2020 was approximately RMB1.0 million as compared to the reversal of expected credit loss on financial and contract assets for FY2021 of approximately RMB1.4 million, mainly attributable to the settlement of other receivables during FY2021.

Finance costs

Our finance costs increased from approximately RMB0.5 million for FY2020 to approximately RMB0.7 million for FY2021, primarily attributable to the increase in bank borrowings during the year.

Income tax expense

Our income tax expense decreased from approximately RMB5.4 million for FY2020 to approximately RMB4.7 million for FY2021, primarily attributable to the decrease in profit before tax expense.

Profit for the year

As a result of the foregoing, our profit for the year decreased from approximately RMB24.3 million for FY2020 to approximately RMB18.5 million for FY2021.

FY2021 compared to FY2022

Revenue

Our revenue increased from approximately RMB157.6 million for FY2021 to approximately RMB207.2 million for FY2022, primarily attributable to the increase in revenue from the provision of branding services, online media advertising services, advertisement placement services (including rebates from Media Partner) and event execution and production services, which were partially offset by the decrease in revenue from the traditional offline media services. For the growing market demand of branding services, online media advertising services, advertisement placement services and event execution and production services for FY2022, please refer to the paragraph headed "Description of selected items in consolidated statements of profit or loss and other comprehensive income – Revenue" in this section.

Cost of services

Our cost of services increased from approximately RMB100.0 million for FY2021 to approximately RMB103.9 million for FY2022, which was generally in line with our business growth.

Gross profit and gross profit margin

Our gross profit increased from approximately RMB57.7 million for FY2021 to approximately RMB103.3 million for FY2022, which was in line with our revenue growth.

Our gross profit margin increased from approximately 36.6% for FY2021 to approximately 49.9% for FY2022.

Other income

Our other income decreased from approximately RMB1.0 million for FY2021 to approximately RMB0.4 million for FY2022, primarily attributable to the absence of interest income from a loan we granted to an Independent Third Party during the period from January 2021 to April 2021.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB4.6 million for FY2021 to approximately RMB6.4 million for FY2022, mainly due to (i) the increase in salaries as a result of the increase in both number and salaries of our salespersons for business expansion; and (ii) the increase in depreciation mainly attributable to the depreciation of the three motor vehicles acquired in FY2022.

Administrative expenses (including* [REDACTED]*)

Our administrative expenses increased from approximately RMB31.5 million for FY2021 to approximately RMB34.3 million for FY2022, primarily attributable to (i) the increase in development expenses for improving the design and functions of the existing broadcasting equipment accessories to cater for our provision of advertisement placement services, which was partially offset by the decrease in development expenses for the information management system and software; and (ii) the increase in depreciation as a result of the additions of our leasehold improvements to our office premises, which were partially offset by the decrease in [**REDACTED**].

Provision for/reversal of expected credit loss on financial and contract assets, net

Our provision of expected credit loss on financial and contract assets for FY2022 was approximately RMB5.9 million as compared to the reversal of expected credit loss on financial and contract assets for FY2021 of approximately RMB1.4 million, mainly attributable to the increase in our trade receivables as at 31 December 2022 as a result of the increase in provision for our branding, advertising and marketing services near year end.

Finance costs

Our finance costs increased from approximately RMB0.7 million for FY2021 to approximately RMB1.5 million for FY2022, primarily attributable to the increase in bank borrowings during the year.

Income tax expense

Our income tax expense increased from approximately RMB4.7 million for FY2021 to approximately RMB10.0 million for FY2022, primarily attributable to the increase in profit before tax expense.

Profit for the year

As a result of the foregoing, our profit for the year increased from approximately RMB18.5 million for FY2021 to RMB45.7 million for FY2022.

4M2022 vs 4M2023

Revenue

Our revenue increased from approximately RMB60.7 million for 4M2022 to approximately RMB75.0 million for 4M2023, primarily attributable to the increase in revenue from the provision of branding services, event execution and production services and advertisement placement services (including rebates from Media Partner) as a result of the growing market demand for our branding, advertising and marketing services, which were partially offset by the decrease in revenue from the provision of online media advertising services and traditional offline media advertising services. For the discussion on the growing demand of branding services, event execution and production services and the provision of advertisement placement services for 4M2023, please refer to the paragraph headed "Description of selected items in consolidated statements of profit or loss and other comprehensive income – Revenue" in this section.

Cost of services

Our cost of services decreased from approximately RMB39.7 million for 4M2022 to approximately RMB28.3 million for 4M2023, primarily attributable to that for the provision of advertisement placement services (including rebates from Media Partner) and some of our online media advertising services provided to the nine advertising agents out of the Ten Advertising Agents in 4M2023, our Group recognised revenue from the aforesaid services on a net basis and most of the costs had been netted off with the gross revenue. Thus, our cost of services decreased accordingly.

Gross profit and gross profit margin

Our gross profit increased from approximately RMB20.9 million for 4M2022 to approximately RMB46.7 million for 4M2023, which was in line with our revenue growth.

Our gross profit margin increased from approximately 34.5% for 4M2022 to approximately 62.3% for 4M2023.

Other income

Our other income increased from approximately RMB144,000 for 4M2022 to approximately RMB2.6 million for 4M2023, primarily attributable to the increase in input value-added tax surplus deduction by approximately RMB2.2 million as a result of the increase in our purchase of services from the Media Partner for our provision of advertisement placement services during 4M2023.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB1.8 million for 4M2022 to approximately RMB3.3 million for 4M2023, mainly due to (i) the increase in salaries as a result of the increase in number of staff in our sales team and media operation team for business expansion; and (ii) the increase in office expenses mainly attributable to the increase in office equipment for our business expansion during the period.

Administrative expenses (including [**REDACTED**]***)***

Our administrative expenses increased from approximately RMB9.3 million for 4M2022 to approximately RMB11.0 million for 4M2023, primarily attributable to the increase in depreciation as a result of the increase in plant and equipment from May 2022 to December 2022, which were partially offset by the decrease in [**REDACTED**].

Provision for/reversal of expected credit loss on financial and contract assets, net

Our provision of expected credit loss on financial and contract assets for 4M2023 increased to approximately RMB3.4 million as compared to that in 4M2022 of approximately RMB0.7 million, mainly attributable to the increase in our trade receivables as at 30 April 2023.

Finance costs

Our finance costs increased from approximately RMB0.3 million for 4M2022 to approximately RMB0.7 million for 4M2023, primarily attributable to the increase in bank borrowings during the period.

Income tax expense

Our income tax expense increased from approximately RMB1.6 million for 4M2022 to approximately RMB5.0 million for 4M2023, primarily attributable to the increase in profit before tax expense.

Profit for the period

As a result of the foregoing, our profit for the period increased from approximately RMB7.3 million for 4M2022 to approximately RMB26.0 million for 4M2023.

LIQUIDITY AND CAPITAL RESOURCES

Throughout the Track Record Period, we have financed our working capital needs primarily through cash flows from operating activities and borrowings. We derived our cash flows from operating activities principally from the provision of our branding, advertising and marketing services. We incurred capital expenditures mainly for the acquisition of plant and equipment and intangible assets during the Track Record Period. We monitor our working capital positions from time to time to ensure that we maintain sufficient cash resources for our daily operations and capital expenditure needs.

Cash flow

The table below sets forth the summary of our consolidated statements of cash flows during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2022**	**4M2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Net cash generated from operations before changes in working capital	33,005	26,302	69,728	11,390	38,262
Changes in working capital	(1,627)	(3,487)	(92,905)	(14,783)	(2,205)
Income tax paid	(3,027)	(4,405)	(6,081)	(1,694)	(4,107)
Net cash generated from/(used in) operating activities	28,351	18,410	(29,258)	(5,087)	31,950
Net cash (used in)/generated from investing activities	(2,358)	13,388	(18,702)	(12,586)	4,639
Net cash (used in)/generated from financing activities	(14,244)	(13,666)	20,631	3,739	(3,599)
Net increase/(decrease) in cash and cash equivalents	11,749	18,132	(27,329)	(13,934)	32,990
Cash and cash equivalents at beginning of the year/period	322	12,071	30,203	30,203	2,874
Cash and cash equivalents at end of the year/period	12,071	30,203	2,874	16,269	35,864

Net cash generated from/(used in) operating activities

Our cash generated from operating activities was primarily derived from the receipts of sales and our cash used in operating activities was primarily for the purchase of advertising resources, selling and marketing expenses and administrative expenses incurred in our daily operations.

For FY2020, we had net cash inflows from operating activities before working capital change of approximately RMB33.0 million and net cash inflows from operating activities of approximately RMB28.4 million. The difference of approximately RMB4.6 million was primarily attributable to (i) the increase in trade receivables of approximately RMB8.6 million as more revenue was generated in the fourth quarter in 2020; (ii) the decrease in contract liabilities of approximately RMB4.3 million mainly due to the recognition of more revenue near year end date; and (iii) income tax paid of approximately RMB3.0 million, which were partially offset by (i) the decrease in deposits, prepayments and other receivables of approximately RMB3.5 million primarily attributable to the decrease in prepayments we paid to our suppliers as a result of the general decrease in revenue from traditional offline media advertising services that generally require prepayments; (ii) the increase in trade payables of approximately RMB6.4 million mainly due to the increase in our purchase of advertising resources for our increased revenue in the fourth quarter in 2020; and (iii) the increase in accruals and other payables of approximately RMB1.5 million mainly due to the increase in deposit received in advance from our customers and the increase in salaries payables in view of the general increase in the number of our sales staff.

For FY2021, we had net cash inflows from operating activities before working capital change of approximately RMB26.3 million and net cash inflows from operating activities of approximately RMB18.4 million. The difference of approximately RMB7.9 million was primarily attributable to (i) the increase in trade receivables of approximately RMB8.9 million mainly driven by the increase in revenue generated near year end date; (ii) the increase in deposits, prepayments and other receivables of approximately RMB2.0 million mainly due to the increase in [**REDACTED**]; and (iii) the income tax paid of approximately RMB4.4 million, which was partially offset by (i) increase in accruals and other payables of approximately RMB4.4 million due to the increase in accrued [**REDACTED**]; and (ii) the increase in trade payables of approximately RMB2.3 million due to the increase in purchase of advertising resources near year end date for our business expansion.

For FY2022, we had net cash inflows from operating activities before working capital change of approximately RMB69.7 million and net cash outflows used in operating activities of approximately RMB29.3 million. The difference of approximately RMB99.0 million was primarily attributable to (i) the increase in trade receivables of approximately RMB75.6 million resulting from the increase in our revenue generated near year end; (ii) the increase in contract assets of approximately RMB2.3 million mainly arising from the increase in services provided by our Group which has not been unconditionally accepted by our customers; (iii) the increase in deposits, prepayments and other receivables of approximately RMB15.9 million mainly attributable to the increase in our deposits paid to the Media Partner for provision of advertisement placement services; (iv) the decrease in trade payables of approximately

RMB2.9 million due to the settlement of trade payables by our Group; and (v) income tax paid of approximately RMB6.1 million, which were partially offset by the increase in contract liabilities of approximately RMB3.6 million resulting from the increase in advance payments from some customers near year end date.

We recorded net cash outflows used in operating activities for FY2022, mainly attributable to the time lags between our payments of deposits paid to the Media Partner for the provision of advertisement placement services and our receipts of payments from our customers. We were generally required to make deposits to the Media Partner prior to the provision of advertisement placement services. We completed more than 100 projects of provision of advertisement placement services at the end of FY2022 and we generally granted a credit period of 90 days, in line with the industry norm, to our customers of provision of advertisement placement services. Therefore, such timing difference of payments to the Media Partner and receipts of payments from our customers had a significant impact on our net cash movement during FY2022.

For 4M2023, we had net cash inflows from operating activities before working capital change of approximately RMB38.3 million and net cash inflows from operating activities of approximately RMB32.0 million. The difference of approximately RMB6.3 million was primarily attributable to (i) the increase in trade receivables of approximately RMB62.6 million due to the increase in our revenue generated near period end date; (ii) the decrease in contract liabilities of approximately RMB1.4 million mainly due to the recognition of more revenue near period end date; and (iii) income tax paid of approximately RMB4.1 million, which were partially offset by (i) the decrease in contract assets of approximately RMB1.8 million mainly to the transfer to our trade receivables after our services were accepted by our customers and we issued invoices to our customers; (ii) the increase in trade payables of approximately RMB56.9 million mainly due to the increase in our purchase from suppliers for our continued business growth; and (iii) the increase in accruals and other payables of approximately RMB3.1 million mainly due to the increase in accrued [**REDACTED**].

Net cash (used in)/generated from investing activities

Our cash generated from investing activities primarily comprised interest received, settlement of a loan by an Independent Third Party, repayments of amount due from our Controlling Shareholder and refund of prepayment for an intangible asset, which is the branding data platform and additional software for our business. Our cash used in investing activities primarily comprised a loan granted to an Independent Third Party, the purchases of intangible assets and plant and equipment, prepayment for intangible assets and plant and equipment and amounts due from our immediate Shareholders as a result of the Reorganisation.

For FY2020, our net cash used in investing activities was approximately RMB2.4 million. The amount was primarily attributable to (i) a loan granted to an Independent Third Party of approximately RMB20.0 million which was fully settled on 1 April 2021; (ii) the purchase of intangible assets of approximately RMB5.8 million; and (iii) the purchase of plant and equipment of approximately RMB5.7 million, which were partially offset by the decrease in amount due from our Controlling Shareholder of approximately RMB29.2 million.

For FY2021, our net cash generated from investing activities was approximately RMB13.4 million. The amount was primarily attributable to the repayment of a loan of approximately RMB20.0 million from an Independent Third Party, which was partially offset by the prepayment of approximately RMB6.0 million for acquiring the branding data platform and additional software for our business.

For FY2022, our net cash used in investing activities was approximately RMB18.7 million. The amount was primarily attributable to (i) the purchase of plant and equipment of approximately RMB15.9 million for (a) the increase in broadcasting equipment for our provision of advertisement placement services and events execution and protection services; (b) the increase in motor vehicles for travelling and entertainment purposes; (c) the increase in office equipment for daily operation; and (d) the increase in leasehold improvements for our operation; and (ii) the prepayment of approximately RMB3.0 million for acquiring the branding data platform and additional software for our business, which were partially offset by the interest income of approximately RMB0.1 million.

For 4M2023, our net cash generated from investing activities was approximately RMB4.6 million. The amount was primarily attributable to the refund of prepayment for the branding data platform and additional software for our business of RMB4.5 million based on our negotiations with the relevant service provider in view of the postponement of timetable of the [**REDACTED**] and that our Group had decided to delay the establishment of the branding data platform.

Net cash (used in)/generated from financing activities

Our cash used in financing activities primarily comprised the repayment of borrowings, lease payment, dividends paid, interest paid for our bank borrowings and transactions arising from the Reorganisation. Our cash generated from financing activities primarily comprised proceeds from bank borrowings and issue of share capital.

For FY2020, our net cash used in financing activities was approximately RMB14.2 million, which was primarily attributable to (i) the dividend paid to our then shareholders of approximately RMB17.4 million; (ii) the repayment of bank borrowings of approximately RMB1.3 million; (iii) the lease payment of our office premises of approximately RMB0.9 million; and (iv) the interest payment of our bank borrowings of approximately RMB0.1 million, which were partially offset by the proceeds from new bank borrowings of approximately RMB5.4 million.

For FY2021, our net cash used in financing activities was approximately RMB13.7 million, which was primarily attributable to (i) the transaction arising from the Reorganisation of approximately RMB20.8 million; (ii) the lease payment of our office premises of approximately RMB1.8 million; and (iii) the repayment of borrowings of approximately RMB5.7 million, which were partially offset by the proceeds from new bank borrowings of approximately RMB14.6 million.

For FY2022, our net cash generated from financing activities was approximately RMB20.6 million, which was primarily attributable to the proceeds from new borrowings of approximately RMB38.0 million, which was partially offset by (i) the lease payment of our office premises of approximately RMB1.8 million; (ii) the repayment of borrowings of approximately RMB14.2 million; and (iii) the interest payments of our borrowings of approximately RMB1.3 million.

For 4M2023, our net cash used in financing activities was approximately RMB3.6 million, which was primarily attributable to (i) the repayment of borrowings of approximately RMB19.9 million; (ii) the lease payment of our office premises of approximately RMB0.9 million; and (iii) the interest payments of our borrowings of approximately RMB0.7 million, which were partially offset by the proceeds from new borrowings of approximately RMB18.0 million.

Liquidity and working capital management measures to improve our cash flow from operating activities

Although we recorded a net cash outflow used in operating activities of approximately RMB29.3 million for FY2022, we will adopt the following measures with a view to improving our cash flow from operating activities:

(i) Closely monitor the collection status of our trade receivables and continue to increase our efforts to collect trade receivables effectively

Our net cash used in operating activities of approximately RMB29.3 million for FY2022 was primarily attributable to the increase in our trade receivables by approximately RMB75.6 million and the increase in deposits, prepayments and other receivables by approximately RMB15.9 million, which were partially offset by other working capital changes. As such, our finance and accounting department will closely monitor the collection status of our trade receivables and the repayment status of our customers on a weekly basis and our finance and accounting team will provide the update to our sales team to let them follow up with the customers. Further, in order to speed up the collection time of our trade receivables and further improve the cash inflow from operating activities, we will closely follow up with our customers regarding outstanding trade receivables immediately after we provide our services and issue the notice of payment to customers based on the progress of our projects. For example, generally we receive the settlement from our customers within our credit period (i.e. 90 days) after we issue the notice of payment to customers. Our finance and accounting team will prepare the notice of payment in advance before our services or milestones are completed and issue immediately the notice of payment to our customers once our services are provided or milestones reached. Then, our sales team will help chasing the settlement of trade receivables from our customers by sending the payment reminders frequently to our customers, thereby allowing us to shorten our collection time to around one month.

(ii) Negotiate the credit terms and payment terms with our suppliers

We will utilise the credit terms and periods granted by our suppliers flexibly and continue to strive for more favourable credit terms from our suppliers, thereby allowing us to extend the settlement time of our trade payables. For the provision of our advertisement placement services, we will endeavor to negotiate with the Media Partner in future to lower the amount of deposits or prepayments before we execute advertisement placement on its online media platform, thereby reducing the burden of our operating cash outflows.

(iii) Monitor and adjust the credit periods or payment terms offered to our customers

Our Directors and our sales team will regularly review the customers' sales level, market reputation, payment history, years of business relationship with us and financial status and we will adjust the credit terms we offer to them based on their creditability and repayment status when necessary. For example, we will negotiate with our customers for reducing the credit periods granted to our customers or we will require those customers which intend to place advertisements on the online media platform of the Media Partner to provide more advance payments to us before we execute advertisement placement on the online media platform of the Media Partner, thereby reducing the burden of our operating cash outflows.

(iv) Closely monitor our cash flow situation on a regular basis by our management

We will implement a monthly cash budget to ensure the cash flow of our Group remains healthy. The monthly cash budget will be reviewed by Mr. Zhang Bei, one of our executive Directors and our finance supervisor, to monitor the cash flow status of our Group every month. Based on the monthly cash budget, the estimated operating cash outflows such as, operating expenses, deposits paid on behalf of our customers and deposits paid to suppliers as well as the operating cash inflows including the settlement of trade receivables in each month will be predicted. Our Group will endeavour to follow the budget to manage the cash flows in the next month. Due to the expansion of our provision of advertisement placement services, we may pay deposits on behalf of our customers or pay deposits to the Media Partner from time to time. In the event that there is a need for us to make the deposits which was over the estimated amount for deposits to be paid in the budget, Mr. Zhang and other senior management will convene internal meetings with our finance and accounting department and other operational departments to understand the business needs of paying deposits and will consider whether other measures (for details, please see (i), (ii) and (iii) above) can increase the operating cash inflows. Finally, we will obtain the approval from Mr. Chen, our executive Director, chairman of the board of directors and chief executive officer and then report the result to our Board periodically.

DISCUSSION ON CERTAIN ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-current assets

Our non-current assets primarily comprised plant and equipment, right-of-use assets and intangible assets and prepayments at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Plant and equipment	7,958	6,611	17,958	15,449
Right-of-use assets	4,187	3,010	1,804	1,408
Intangible assets	5,824	4,734	3,569	3,181
Deferred tax assets	993	1,131	1,649	2,329
Prepayments	–	6,000	9,000	4,500
Total non-current assets	**18,962**	**21,486**	**33,980**	**26,867**

Our plant and equipment decreased from approximately RMB7.9 million as at 31 December 2020 to approximately RMB6.6 million as at 31 December 2021, primarily attributable to the depreciation during the year. Our plant and equipment then increased to approximately RMB18.0 million as at 31 December 2022, primarily attributable to (i) the increase in broadcasting equipment by approximately RMB6.4 million which are mainly used for the design and production of short advertisement videos for placing on the online media platforms of the Media Partner and the implementation and execution of our events execution and production services to promote the brands, products and/or services of our customers; (ii) the increase in office equipment by approximately RMB0.7 million for daily business operations; (iii) the increase in motor vehicles of approximately RMB3.1 million as we acquired three vehicles for travelling and entertainment purposes to explore potential clients for business expansion; and (iv) the increase in leasehold improvements of approximately RMB1.1 million for the renovation of our office in Macheng and a video production room in our office in Wuhan. As a result of the depreciation of approximately RMB2.5 million for 4M2023, our plant and equipment decreased from approximately RMB18.0 million as at 31 December 2022 to approximately RMB15.4 million as at 30 April 2023.

Our right-of-use assets represented the lease of our office premise. The right-of-use assets decreased from approximately RMB4.2 million as at 31 December 2020 to approximately RMB3.0 million as at 31 December 2021, primarily attributable to the depreciation of approximately RMB1.2 million during FY2021. As at 31 December 2022, our right-of-use assets further decreased to approximately RMB1.8 million, mainly due to the depreciation of approximately RMB1.2 million for FY2022. As at 30 April 2023, our right-of-use assets decreased to approximately RMB1.4 million as a result of the depreciation of approximately RMB0.4 million for 4M2023.

Our intangible assets represented fees paid for developing a mobile application in the second half of 2020, which we mainly used it as a tool to facilitate the matching between providers of advertising resources and advertisers with an aim to broaden our revenue stream. The installation of such mobile application was completed in December 2020 and we commenced using it since then. According to our accounting policies, such balance was initially capitalised as intangible assets and amortised on a straight line basis over the useful life of five years from January 2021. Our intangible assets decreased from approximately RMB5.8 million as at 31 December 2020 to approximately RMB4.7 million as at 31 December 2021 and further decreased to approximately RMB3.6 million as at 31 December 2022 and RMB3.2 million as at 30 April 2023, primarily attributable to the amortisation of approximately RMB1.1 million, RMB1.2 million and RMB0.4 million during FY2021, FY2022 and 4M2023, respectively.

Our prepayments of approximately RMB6.0 million as at 31 December 2021 represented the first installment for acquiring the branding data platform and additional software for business. Our prepayments increased to approximately RMB9.0 million as at 31 December 2022, primarily attributable to the second installment of RMB3.0 million paid for acquiring the branding data platform and additional software for business.

As disclosed in the paragraph headed "Business – Business strategies – (i) Establish our branding data platform and R&D database" in this document; in order to reduce our Group's reliance on third party research institutes, further enhance our Group's service offering particularly in branding business and strengthen our data analytical capabilities, thereby increasing our customer stability and market competitiveness, our Group intends to establish our own branding data platform and R&D database. Therefore, in contemplation of the [**REDACTED**] at the relevant time, our Group entered into a service agreement dated 25 November 2021 and a supplemental agreement dated 28 March 2022 (collectively, the "**Service Agreements**") with an independent IT service provider (the "**Service Provider**"), pursuant to which our Group engaged the Service Provider to provide design and development services for the establishment of the branding data platform and R&D database. Pursuant to the Service Agreements, our Group had paid an aggregate of RMB9.0 million as prepayments to the Service Provider for the aforesaid establishment of the branding data platform and R&D database and acquisition of the relevant software and marketing and industry data for the operation of the branding data platform (the "**Prepayments**").

As at the Latest Practicable Date, the Service Provider had engaged in the preliminary design of the functions and operation framework of the branding data platform and acquired some of the software and marketing and industry data to support the operation of the branding data platform. Among the Prepayments, RMB4.5 million had been utilised by the Service Provider for the aforesaid works. Subsequently, in view of the postponement of the timetable of the [**REDACTED**], our Group had accordingly delayed the establishment of the branding data platform. Upon negotiations with the Service Provider, the Service Provider had agreed to refund the remaining RMB4.5 million under the Prepayments to us and such prepayment was refunded to us in April 2023. Consequently, our prepayments decreased to approximately RMB4.5 million as at 30 April 2023.

Net current assets

	As at 31 December			As at 30 April	As at 31 August
	2020	**2021**	**2022**	**2023**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets					
Contract assets	288	179	2,319	635	–
Trade receivables	22,972	32,040	102,602	161,346	205,029
Deposits, prepayments and other receivables	22,293	5,491	20,586	20,974	14,596
Amount due from shareholders	–	307	307	307	307
Amount due from a non-controlling interests shareholder	1,848	–	–	–	–
Cash and cash equivalents	12,071	30,203	2,874	35,864	16,083
	59,472	**68,220**	**128,688**	**219,126**	**236,015**

	As at 31 December			As at 30 April	As at 31 August
	2020	**2021**	**2022**	**2023**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
Current liabilities					
Trade payables	8,513	10,803	7,908	64,846	63,060
Accruals and other payables	2,746	7,119	7,206	10,275	14,044
Contract liabilities	56	722	4,357	3,001	1,579
Lease liabilities	1,493	1,666	1,844	1,921	1,211
Borrowings	5,200	10,789	37,224	35,950	26,750
Income tax payable	1,422	1,156	3,877	4,652	3,508
	19,430	**32,255**	**62,416**	**120,645**	**110,152**
Net current assets	**40,042**	**35,965**	**66,272**	**98,481**	**125,863**

We had net current assets of approximately RMB40.0 million, RMB36.0 million, RMB66.3 million, RMB98.5 million and RMB125.9 million as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 August 2023, respectively. Such change was primarily attributable to the operating profit incurred for each year/period of the Track Record Period and the factors as elaborated below.

Our net current assets decreased from approximately RMB40.0 million as at 31 December 2020 to approximately RMB36.0 million as at 31 December 2021, primarily attributable to the increase in the current liabilities, which was partially offset by the increase in the current assets. The increase in the current liabilities was primarily attributable to (i) the increase in trade payables, mainly due to the increase in purchase of advertising resources near year end, which was in line with our business expansion; (ii) the increase in accruals and other payables mainly as a result of the [**REDACTED**] for preparation of the [**REDACTED**]; and (iii) increase in bank borrowings. The increase in the current assets was primarily attributable to (i) the increase in trade receivables mainly due to the increase in revenue generated near year end, which was in line with our business expansion; and (ii) the increase in cash and cash equivalents generated from our operation.

Our net current assets increased from approximately RMB36.0 million as at 31 December 2021 to approximately RMB66.3 million as at 31 December 2022, primarily attributable to the increase in the current assets, which was partially offset by the increase in the current liabilities. The increase in the current assets was primarily attributable to (i) the increase in trade receivables mainly due to the increase in our revenue generated near year end; and (ii) the increase in deposits, prepayments and other receivables mainly as a result of the increase in our deposits paid to the Media Partner for our provision of advertisement placement services, which was partially offset by the decrease in cash and cash equivalents primarily due to (i) the increase in our deposits made to the Media Partner for our provision of advertisement placement services; and (ii) the increase in our purchase of plant and equipment to support our provision of advertisement placement services. The increase in current liabilities was primarily attributable to (i) the increase in bank and other borrowings; (ii) the increase in contract liabilities resulting from the increase in advance payments from our customers near year end; and (iii) the increase in income tax payable due to the increase in profit before income tax, which were partially offset by the decrease in trade payables resulting from the settlement of trade payables by our Group during FY2022.

Our net current assets increased from approximately RMB66.3 million as at 31 December 2022 to approximately RMB98.5 million as at 30 April 2023, primarily attributable to the increase in the current assets, which was partially offset by the increase in the current liabilities. The increase in current assets was primarily attributable to (i) the increase in trade receivables as a result of the increase in revenue generated near period end date; and (ii) the increase in cash and bank balances as a result of increase in the settlements of our trade receivables from our customers, which were partially offset by the decrease in contract assets resulting from transferring to our trade receivables as our services were accepted by our customers and we issued invoices to our customers for some projects before period end. The increase in current liabilities was primarily attributable to (i) the increase in trade payables due to the increase in our purchases from suppliers for our continued business growth; (ii) the increase in accruals and other payables as a result of the increase in accrued [**REDACTED**]; and (iii) the increase in income tax payable mainly due to the increase in profit before income tax, which were partially offset by (i) the decrease in contract liabilities resulting from the decrease in advance payments from our customers near period end date; and (ii) the repayment of some of our borrowings.

Our net current assets increased from approximately RMB98.5 million as at 30 April 2023 to approximately RMB125.9 million as at 31 August 2023, primarily attributable to the increase in our trade receivables as a result of the increase in revenue generated near period end, which were partially offset by (i) the decrease in cash and cash equivalents due to the repayment of our bank borrowings during the period; (ii) the decrease in deposits, prepayments and other receivables due to the utilisation of our deposits paid to the Media Partner for our provision of advertisement placement services; and (iii) the increase in accruals and other payables resulting from the increase in accrued [**REDACTED**].

Trade receivables

The following table sets out a breakdown of our trade receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	26,171	35,201	110,756	173,393
Less: allowance for impairment loss on trade receivables	(3,199)	(3,161)	(8,154)	(12,047)
	22,972	**32,040**	**102,602**	**161,346**

Our Group adopts prudent credit control procedures and we regularly monitor settlement of our receivables. The credit period granted to our customers are generally determined with reference to, among others, the financial position, credit record, duration of business relationship and the types of services we provide. Credit and payment terms may vary for different customers and projects.

For branding services, our Group generally receives prepayment before services are provided. We generally receive 20% of the contract value as first installment after signing the contracts and receive the remaining contract value by installments in accordance with the progress of services provided. Our Group generally provides credit period of approximately 90 days.

For event execution and production services, our Group generally receives prepayment before services are provided. We generally receive the service fee by installments in accordance with the progress of services provided. Our Group generally provides credit period of up to 90 days.

For online media advertising services, our Group generally receives service fee on a monthly basis. Our Group generally provides credit period of approximately 90 days.

For traditional offline media advertising services, our Group generally receives service fee on a monthly basis. For a few customers, our Group receives prepayment before services are provided. Our Group generally provides credit period of approximately 90 days.

For provision of advertisement placement services, our Group generally receives service fee on a monthly basis. Our Group generally provides a credit period of approximately 90 days. Our rebates from Media Partner are generally granted to us on a quarterly or monthly basis (since 1 January 2023).

Our trade receivables increased from approximately RMB23.0 million as at 31 December 2020 to approximately RMB32.0 million as at 31 December 2021, primarily attributable to the increase in our revenue generated near year end date. Our trade receivables further increased from approximately RMB32.0 million as at 31 December 2021 to approximately RMB102.6 million as at 31 December 2022, primarily attributable to the increase in our revenue generated near year end as more projects under our provision of advertisement placement services were completed at the end of the year. Our trade receivables further increased to approximately RMB161.3 million as at 30 April 2023, primarily attributable to the increase in our revenue generated near period end date mainly driven by the expansion of our provision of advertisement placement services.

The table below sets out our trade receivables by services segments for the indicated dates:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Branding services	14,267	13,335	15,032	20,864
Traditional offline media advertising services	1,393	405	283	–
Online media advertising services	3,795	12,375	33,723	41,165
Event execution and production services	3,517	5,925	5,749	5,479
Provision of advertisement placement services (including rebates from Media Partner)	–	–	47,815	93,838
	22,972	32,040	102,602	161,346

Our trade receivables increased from approximately RMB23.0 million as at 31 December 2020 to approximately RMB32.0 million as at 31 December 2021, mainly due to the increase in balance from online media advertising services as more projects were completed near year end date. Our trade receivables increased from approximately RMB32.0 million as at 31 December 2021 to approximately RMB102.6 million as at 31 December 2022. Such increase was mainly attributable to (i) the increase in the balance from provision of advertisement placement services (including rebates from Media Partner) by approximately RMB47.8 million as more than 100 projects were completed at the end of 2022 due to the commencement of our provision of advertisement placement services in May 2022; and (ii) the increase in the balance from online media advertising services by approximately RMB21.3 million as 17 projects were completed in the last quarter of 2022. Our trade receivables further increased to approximately RMB161.3 million as at 30 April 2023, primarily attributable to (i) the increase in the balance from provision of advertisement placement services (including rebates from Media Partner) by approximately RMB46.0 million as around 50 projects signed in 2023 were performed during 4M2023, primarily due to the continued growing demand for our provision of advertisement placement services; (ii) the increase in the balance from online media advertising services by approximately RMB7.4 million as we were engaged by Advertising Agent B to commence 28 projects in February and March 2023 and there was an increase in revenue generated from this agent near period end date; and (iii) the increase in the balance from branding services mainly attributable to the commencement of two projects with a contract sum of over RMB3 million in March 2023 resulting in an increase in revenue generated near period end date.

Aging analysis of trade receivables

The following table sets forth the aging analysis of trade receivables net of allowance for impairment loss based on the invoice date as at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	22,970	31,988	102,554	161,203
91 – 180 days	–	–	48	130
181 – 365 days	2	52	–	13
Over 1 year	–	–	–	–
	22,972	**32,040**	**102,602**	**161,346**

The increase in our trade receivables was primarily attributable to the increase in trade receivables aged within 90 days, which was in line with the general credit term granted to our customers.

Turnover days analysis of trade receivables

The table below sets out our average trade receivables turnover days during the Track Record Period:

	FY2020	**FY2021**	**FY2022**	**4M2023**
Average trade receivables turnover days (days)	65.8	63.7	118.6	211.1

Note: Average trade receivables turnover days is calculated as the average of the beginning and ending trade receivables balances for the year/period, divided by the revenue for that year/period, multiplied by 365 days or 120 days.

The credit term granted to our customers are generally 90 days. During the Track Record Period, our average turnover days of trade receivables was approximately 65.8 days, 63.7 days, 118.6 days and 211.1 days, respectively.

Our average trade receivables turnover days decreased from approximately 65.8 days for FY2020 to approximately 63.7 days for FY2021, mainly attributable to the timely settlement made by our customers after the full recovery of COVID-19 in FY2021.

Our average trade receivables turnover days increased from approximately 63.7 days for FY2021 to approximately 118.6 days for FY2022 and further increased to approximately 211.1 days for 4M2023. The higher average trade receivables turnover days for FY2022 and 4M2023 was mainly attributable to the increase in trade receivables from the provision of advertisement placement services (including rebates from Media Partner) and certain online media advertising services, which were accounted for on a gross basis while the relevant revenue was recognised on a net basis, according to the relevant accounting standards.

The table below sets out our average trade receivables turnover days by services segments for FY2021, FY2022 and 4M2023 and our general credit terms by service segments:

	FY2021	**FY2022**	**4M2023**	**General credit terms**
	(days)	*(days)*	*(days)*	*(days)*
Branding services	67.2	57.2	75.0	90
Traditional offline media advertising services *(Note)*	80.4	57.0	–	90
Online media advertising services	63.9	174.7	373.6	90
Event execution and production services	53.1	51.5	43.1	90
Provision of advertisement placement services (including rebates from Media Partner)	–	349.9	455.4	90

Note: We did not generate any revenue from traditional offline media advertising services in 4M2023 and therefore there was no average trade receivables turnover days from this services segment in 4M2023.

In FY2021, our average trade receivables turnover days for our branding services, traditional offline media advertising services, online media advertising services and events execution and production services were approximately 67.2 days, 80.4 days, 63.9 days and 53.1 days, respectively, which were within our general credit terms of respective services segments. In FY2022, our average trade receivables turnover days for our branding services, traditional offline media advertising services and event execution and production services were approximately 57.2 days, 57.0 days and 51.5 days, respectively, which were within our general credit terms of respective services segments. In 4M2023, our average trade receivables turnover days for our branding services and events execution and production services were approximately 75.0 days, and 43.1 days, respectively, which were within our general credit terms of the respective services segments as well. For our online media advertising services and provision of advertisement placement services (including rebates from Media Partner), we recorded higher average trade receivables turnover days since part of our revenue was recognised on a net basis for FY2022 and 4M2023 (regarding our advertisement placement services and our online media advertising services offered to the Ten Advertising Agents) in accordance with HKFRS 15, while the trade receivables generated from the aforesaid services were accounted for on a gross basis in accordance with HKFRS 9 and HKAS 32. This resulted in larger balances of average trade receivables for our online media advertising services and provision of advertisement placement services (including rebates from Media Partner), and in turn, an increase in our average trade receivables turnover days for these two services segments for FY2022 and 4M2023. As we commenced the provision of online media advertising services to the Ten Advertising Agents since the second half of 2022 and the corresponding recognition of revenue on net basis from those Ten Advertising Agents only started in the second half of 2022, the beginning balance (i.e. 1 January 2022) of average trade receivables for our online media advertising services for FY2022 was much smaller than the ending balance (i.e. 31 December 2022) as only the ending balance has taken into account the net basis effect. On the other hand, both of the beginning balance (i.e. 1 January 2023) and the ending balance (i.e. 30 April 2023) of average trade receivables for our online media advertising services for 4M2023 have taken into account the net basis effect. As such, our average trade receivables turnover days for our online media advertising services have further increased from approximately 174.7 days for FY2022 to approximately 373.6 days for 4M2023.

Allowance for impairment loss on trade receivables

Our Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated expected credit loss ("**ECL**") based on lifetime ECLs. Our Group has established a provision matrix that is based on our Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For details, please refer to paragraph headed "Appendix I – Summary of significant accounting policies – 4.7 Financial Instruments" in this document. The table below sets forth the movements in the allowance for impairment of trade receivables as of the dates indicated:

	As at 31 December			**As at 30 April**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at the beginning of year/period	3,191	3,199	3,161	8,154
Net impairment losses recognised/(reversed)	8	(38)	4,993	3,893
As at the end of year/period	3,199	3,161	8,154	12,047

We made allowance for impairment loss on our trade receivables of approximately RMB3.2 million, RMB3.2 million, RMB8.2 million and RMB12.0 million as at 31 December 2020 and 2021 and 2022 and 30 April 2023, respectively.

As at the Latest Practicable Date, all of our trade receivables as at 30 April 2023 was subsequently settled.

Deposits, prepayments and other receivables

The following table sets out a breakdown of our deposits, prepayments and other receivables as at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and other receivables	20,630	626	433	233
Deposits paid on behalf of customers	–	–	6,014	8,064
Deposits paid to suppliers	–	–	9,409	6,436
Less: allowance for impairment loss on deposits and other receivables	(1,278)	(129)	(904)	(555)
	19,352	497	14,952	14,178
VAT receivables	2	360	41	–
Prepayments	2,939	4,634	5,593	6,796
	22,293	**5,491**	**20,586**	**20,974**

Deposits and other receivables

Our deposits and other receivables amounted to approximately RMB19.4 million, RMB0.5 million, RMB15.0 million and RMB14.2 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively, which primarily represented our (i) deposits paid for advertising services in TV station operators; (ii) deposits paid for bidding projects; (iii) loan receivables from an Independent Third Party; and (iv) deposits paid to the Media Partner which included the deposits paid by the customers to the Media Partner through us or the deposits paid by us on behalf of our customers to the Media Partner for the advertisement placement costs on the online media platforms of the Media Partner.

As at 31 December 2020, we granted an unsecured loan of RMB20.0 million granted to an Independent Third Party, a company principally engaged in construction in Hubei Province, for its operational use. The unsecured loan was granted as at 31 December 2020 with the tenure from 1 January 2021 to 1 April 2021 at a fixed rate of 4.35% according to a one year interest rate of People's Republic Bank of China.

The decrease in deposits and other receivables from approximately RMB19.4 million as at 31 December 2020 to approximately RMB0.5 million as at 31 December 2021 was primarily attributable to the settlement of the aforementioned loan receivable in April 2021.

Our PRC Legal Advisers are of the view that the unsecured loan granted to an Independent Third Party during the period from 1 January 2021 to 1 April 2021 did not violate the relevant laws and regulations in the PRC.

Our deposits and other receivables increased from approximately RMB0.5 million as at 31 December 2021 to approximately RMB15.0 million as at 31 December 2022, primarily attributable to the deposits paid to the Media Partner as we are required to provide prepayment to the Media Partner to cover the entire expected placement cost before we can execute advertisement placement on their online media platform.

Our deposits and other receivables decreased from approximately RMB15.0 million as at 31 December 2022 to approximately RMB14.2 million as at 30 April 2023, mainly due to the general decrease in deposits paid to the Media Partner during the period.

The following table sets out the movement of our deposits paid on behalf of customers and deposits paid to suppliers as at the dates indicated:

	As at 31 December 2022	**As at 30 April 2023**
	RMB'000	*RMB'000*
	(Tax inclusive)	*(Tax inclusive)*
Opening balance	–	15,423
Add: deposits paid by us on behalf of our customers to the Media Partner during the year/period	184,492	107,322
Add: deposits paid to the Media Partner during the year/period	9,409	6,436
Subtotal	193,901	113,758
Less: utilised advertisement placement costs incurred by our customers for advertisement placement on the online media platforms of the Media Partner during the year/period	(178,477)	(114,681)
Closing balance	15,423	14,500

Closing balance: deposits paid by us on behalf of our customers to the Media Partner	6,014	8,064
Closing balance: deposits paid to the Media Partner	9,409	6,436

During FY2022 and 4M2023, our total amount of deposits paid by us on behalf of our customers to the Media Partner and deposits paid to the Media Partner amounted to approximately RMB193.9 million (inclusive of taxes) and RMB113.8 million (inclusive of taxes), respectively. During the same periods, approximately RMB184.5 million and RMB116.7 million of the deposits was injected into the advertising platform of the Media Partner for advertisement placement. As at 31 December 2022 and 30 April 2023, approximately RMB9.4 million and RMB6.4 million of the deposits paid by our Group in advance to the Media Partner will be subsequently transferred and injected into the advertising platform of the Media Partner for advertisement placement. As at the Latest Practicable Date, approximately RMB114.5 million or 98.1% of the total amount of deposits injected into the advertising platform of the Media Partner for advertisement placement for 4M2023 had been utilised, whereas all deposits paid in advance to the Media Partner as at 30 April 2023 had been utilised. The source of funding for the aforesaid deposits was financed from the settlement of our trade receivables and our bank and other borrowings.

Allowance for impairment loss on deposits and other receivables

Our Group measures loss allowances for deposits and other receivables using HKFRS 9 general approach and has calculated ECL based on the 12-months ECLs. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as a difference between all contractual cash flows that are due to the Group in accordance with the contracts and all the cash flows that the Group expects to receive.

	As at 31 December			**As at 30 April**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	6.2%	20.5%	5.7%	3.8%
Gross carrying amount	20,630	626	15,856	14,733
Loss allowance provision	1,278	129	904	555

The probability of default is proportional to the expected period of exposure, and the expected credit loss rate would be lower for deposits and other receivables that are expected to be received at an earlier time, i.e. shorter periods of credit risk exposure. The deposits and other receivables as at 31 December 2020 and 2022 included both other receivables and deposits with shorter credit terms and the deposits with longer credit terms; whereas the deposits and other receivables as at 31 December 2021 included deposits with longer credit terms only. The overall credit terms of the deposits and other receivables as at 31 December 2021 was relatively longer, therefore the ECL rate in 2021 was higher than that in 2020 and 2022. In addition, the ECL rate in FY2022 and 4M2023 was considerably lower because other receivables mainly comprised of the deposits paid to the Media Partner for the advertisement placement costs on the online media platforms of the Media Partner, which had lower risk of default, as compared to FY2020 and FY2021.

Prepayments

Our prepayments amounted to approximately RMB2.9 million, RMB4.6 million, RMB5.6 million and RMB6.8 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively, which primarily represented (i) prepayments to suppliers; and (ii) prepayment of [**REDACTED**].

Our prepayments increased from approximately RMB2.9 million as at 31 December 2020 to approximately RMB4.6 million as at 31 December 2021, primarily attributable to the increase in prepayments of [**REDACTED**] by approximately [**REDACTED**] for preparation of the [**REDACTED**] during the year, which was partially offset by the decrease in prepayments to suppliers by approximately RMB2.2 million as we entered into less supplier contracts which required prepayments near the year end.

Our prepayments increased from approximately RMB4.6 million as at 31 December 2021 to approximately RMB5.6 million as at 31 December 2022, which was in line with our business expansion.

Our prepayments increased from approximately RMB5.6 million as at 31 December 2022 to approximately RMB6.8 million as at 30 April 2023, primarily attributable to the increase in [**REDACTED**] for preparation of the [**REDACTED**], which was partially offset by the decrease in prepayments to suppliers as a result of the utilisation of the prepayments during the period.

As at the Latest Practicable Date, approximately RMB1.2 million or 17.0% of our prepayments as at 30 April 2023 had been utilised.

Contract assets and contract liabilities

Contract assets initially recognised from revenue generated from the services as the receipt of consideration are conditional. Upon completion of services and acceptance by the customer, the amounts become unconditional and are reclassified to trade receivables. Our contract assets amounted to approximately RMB288,000, RMB179,000, RMB2.3 million and RMB635,000 as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

The table below sets out the breakdown of our contract assets by services segments for the indicated dates:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Branding services	63	31	2,236	351
Traditional offline media advertising services	–	–	–	–
Online media advertising services	–	148	–	–
Event execution and production services	225	–	83	284
Provision for advertisement placement services (including rebates from Media Partner)	–	–	–	–
	288	179	2,319	635

Our contract assets increased from approximately RMB179,000 as at 31 December 2021 to approximately RMB2.3 million as at 31 December 2022. Such increase was mainly driven by the increase in balance from branding services as a result of the increase in revenue from some branding projects by approximately RMB2.2 million. As these projects were still subject to acceptance from our customers as at 31 December 2022, we had not yet issued the invoices to our customers and the unbilled amount from these projects were recognised as contract assets as at 31 December 2022.

Our contract assets decreased from approximately RMB2.3 million as at 31 December 2022 to approximately RMB635,000 as at 30 April 2023, mainly due to the decrease in balance from branding services as the branding services projects undertaken by our Group for 4M2023 have been accepted by our customers as at 30 April 2023 and we have issued invoices for those customers before period end date. As a result, the majority of the contract assets from branding services have been transferred to our trade receivables.

Contract liabilities mainly arise from the advance payments made by customers while the underlying services are yet to be provided and VAT payables. Our contract liabilities amounted to approximately RMB56,000, RMB0.7 million, RMB4.4 million and RMB3.0 million as at 31 December 2020, 2021 and 2022 and 30 April 2023, respectively.

The table below sets out the breakdown of our contract liabilities by services segments for the indicated dates:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Branding services	–	404	–	164
Traditional offline media advertising	–	–	–	–
Online media advertising services	–	–	2,750	55
Event execution and production services	56	171	576	1,951
Provision for advertisement placement services (including rebates from Media Partner)	–	–	962	831
VAT payables	–	147	69	–
	56	722	4,357	3,001

Our contract liabilities increased from approximately RMB722,000 as at 31 December 2021 to approximately RMB4.4 million as at 31 December 2022. Such increase was mainly driven by the increase in balance from online media advertising services as a result of the increase in advance payments made from Advertising Agent C and Advertising Agent D for the commencement of the projects in the last quarter of 2022.

Our contract liabilities decreased from approximately RMB4.4 million as at 31 December 2022 to approximately RMB3.0 million as at 30 April 2023, mainly due to the decrease in balance from online media advertising services as a result of the completion and recognition of revenue from a number of online media advertising services projects before period end, which was partially offset by the increase in balance from event execution and production services. Such increase was primarily attributable to the increase in advance payments made from two customers in automobile manufacturing industry and retail industry for the commencement of their event execution and production services projects during 4M2023.

Trade payables

Our trade payables primarily represented amounts payable to our suppliers for the purchase of advertising resources. Settlement was generally made in accordance with the terms specified in the relevant contracts with our suppliers, which was generally 90 days.

Our trade payables increased from approximately RMB8.5 million as at 31 December 2020 to approximately RMB10.8 million as at 31 December 2021, primarily attributable to the expansion of our business and the general increase in purchase of advertising resources during the respective years.

Our trade payables decreased from approximately RMB10.8 million as at 31 December 2021 to approximately RMB7.9 million as at 31 December 2022, primarily attributable to the settlement of trade payables. Despite the increase in our trade receivables as at 31 December 2022 as compared to as at 31 December 2021 and the increase in our cost of services in FY2022 as compared to FY2021, we recorded a decrease in our trade payables as at 31 December 2022 as compared to as at 31 December 2021 mainly because more suppliers required us to make significant amount of deposits in advance in FY2022 and we recorded a decrease in trade payables.

Our trade payables increased from approximately RMB7.9 million as at 31 December 2022 to approximately RMB64.8 million as at 30 April 2023, which was in line with our business growth and the increase in revenue generated in 4M2023.

Aging analysis of trade payables

The following table sets forth the aging analysis of our trade payables based on services received as at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	53	9,303	3,615	51,176
31 – 60 days	1,889	1,336	3,963	13,441
61 – 90 days	2,162	139	69	–
Over 90 days	4,409	25	261	229
	8,513	**10,803**	**7,908**	**64,846**

The increase in our trade payables as at 31 December 2021 was primarily attributable to the increase in our trade payables aged within 30 days. Such increase was in line with the increase in our cost of services for FY2021.

The increase in trade payables aged within 30 days as at 31 December 2021 was mainly attributable to the increase in purchase of advertising resources near year end date for our business growth.

The decrease in trade payables as at 31 December 2022 was primarily attributable to the settlement of certain trade payables aged within 30 days before the year end.

The increase in trade payables as at 30 April 2023 was primarily attributable to the increase in trade payables aged within 30 days, arising from our purchases for our provision of advertisement placement services and online media advertising services before period end. Such increase was in line with the increase in revenue generated in 4M2023.

Turnover days analysis of trade payables

The table below sets out our average trade payables turnover days during the Track Record Period:

	FY2020	FY2021	FY2022	4M2023
Average trade payables turnover days (days)	32.2	35.3	33.4	162.0

Note: Average trade payables turnover days is calculated as the average of the beginning and ending trade payables balances for the year/period, divided by the cost of services for that year/period, multiplied by 365 days or 120 days.

The average trade payables turnover days increased from approximately 32.2 days for FY2020 to approximately 35.3 days for FY2021, primarily attributable to the decrease in provision of traditional offline media advertising services which required the prepayments to suppliers, and the suppliers of other business segments generally offered credit period to us. The average trade payables turnover day decreased to approximately 33.4 days for FY2022, primarily attributable to the decrease in the balance of trade payables as at 31 December 2022. The average trade payables turnover days increased from approximately 33.4 days for FY2022 to approximately 162.0 days for 4M2023, primarily attributable to the increase in our trade payables as at 30 April 2023 for our purchases for our provision of advertisement placement services and online media advertising services, especially from Wuhan Xingpei Technology Co., Ltd. (武漢星裴科技有限公司) ("**Wuhan Xingpei**"), one of our top five suppliers for 4M2023. We made purchases of more than RMB20 million from Wuhan Xingpei in March and April 2023 for our provision of online media advertising services. These purchase of online media resources from Wuhan Xingpei was used to execute more than 25 online media advertising services projects of our Group. We made the settlement of certain of our trade payables with Wuhan Xingpei within 60 to 90 days (which were still within the credit terms granted by Wuhan Xingpei) after the invoice date, so as to maintain a sufficient level of working capital of our Group. Since we settled the majority of these trade payables with Wuhan Xingpei after 30 April 2023, we recorded a larger balance of trade payables as at 30 April 2023, and in turn, an increase in our average trade payables turnover days for 4M2023. As at the Latest Practicable Date, the outstanding trade payables of Wuhan Xingpei as at 30 April 2023 had been fully settled.

Our average trade payables turnover days during the three years ended 31 December 2022 were within the credit terms of 90 days offered by our suppliers.

As at the Latest Practicable Date, all of our trade payables as at 30 April 2023 had been settled.

Accruals and others payables

The following table sets forth the components of our accruals and other payables as at the dates indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables	710	4,311	3,676	7,470
Other tax payables	245	11	66	406
Salaries payables	1,791	2,797	3,464	2,399
	2,746	**7,119**	**7,206**	**10,275**

Our accruals and other payables primarily represented deposit receipt in advance from our customers, rent payables to our landlord and [**REDACTED**] payables for legal and professional fees in preparation for the [**REDACTED**]. Our other tax payables primarily represented value-added tax and miscellaneous tax payables for our PRC subsidiaries as at year/period end. Our salaries payables primarily represented the accruals of salaries for our sales and administrative department.

Our accruals and other payables increased from approximately RMB2.7 million as at 31 December 2020 to approximately RMB7.1 million as at 31 December 2021, primarily attributable to (i) the increase in accrued [**REDACTED**] by approximately [**REDACTED**]; and (ii) the increase in salaries payables by approximately RMB1.0 million, mainly attributable to the increase in number and salaries of our staff for our business expansion.

Our accruals and other payables increased from approximately RMB7.1 million as at 31 December 2021 to approximately RMB7.2 million as at 31 December 2022, primarily attributable to the net effect of the decrease in accruals and other payables as a result of the decrease in [**REDACTED**] payable and the increase in salaries payables resulting from the increase in both number of staff and basic salaries as a result of the business expansion for FY2022.

Our accruals and other payables increased from approximately RMB7.2 million as at 31 December 2022 to approximately RMB10.3 million as at 30 April 2023, primarily attributable to the increase in accrued [**REDACTED**].

Amounts due from shareholders and a non-controlling interests shareholder

As at 31 December 2020, 2021 and 2022 and 30 April 2023, we had amount due from shareholders of nil, approximately RMB0.3 million, RMB0.3 million and RMB0.3 million, respectively. As at 31 December 2021, 31 December 2022 and 30 April 2023, the balance represented the amount due from our immediate Shareholders, JaiYi Culture, Youxin Capital, Yuanjin Culture, Zhong Lun Culture and Hubei Jiaying Culture as a result of the Reorganisation, which was non-trade in nature, unsecured, interest-free and repayable on demand. Such amount will be settled prior to [**REDACTED**].

As at 31 December 2020, 2021 and 2022 and 30 April 2023, we had amounts due from a non-controlling interests shareholder of approximately RMB1.8 million, nil, nil and nil, respectively. The amounts due from a non-controlling interests shareholder represented an unpaid share capital of approximately RMB2.0 million due from Mr. Zhao Yulu, the previous shareholder having 20% equity interests of Wuyuan Fujie. Such amounts were non-trade in nature and have been fully settled in January 2021.

Borrowings

The following table sets forth the components of our borrowings as at the dates indicated:

	As at 31 December			**As at 30 April**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings				
– Guaranteed	–	6,750	24,208	27,950
– Secured and guaranteed	4,200	4,200	9,000	8,000
– Unsecured and unguaranteed	1,000	3,239	3,906	–
Other loans				
– Guaranteed	–	–	829	–
	5,200	**14,189**	**37,943**	**35,950**

As at 31 December 2020, 2021 and 2022 and 30 April 2023, we had total borrowings of approximately RMB5.2 million, RMB14.2 million, RMB37.9 million and RMB36.0 million, respectively. As at 31 December 2020, the increase in balance was primarily attributable to the drawing of two bank borrowings of approximately RMB5.4 million for FY2020, among which, approximately RMB4.2 million was (i) secured by the properties co-owned by our Controlling Shareholder and a related person; and (ii) guaranteed by our Controlling Shareholder, a related person and an Independent Third Party. All securities and guarantees of our Controlling Shareholder, a related person and an Independent Third Party will be released prior to [**REDACTED**].

As at 31 December 2021, the increase in balance was primarily attributable to the drawing of bank borrowings of approximately RMB14.6 million, among which, (i) approximately RMB4.8 million was unsecured and guaranteed by a guarantee company ("**Guarantee Company A**"), an Independent Third Party; and (ii) RMB2.0 million was unsecured and guaranteed by our Controlling Shareholder and another guarantee company ("**Guarantee Company B**"), an Independent Third Party. The guarantees provided by our Controlling Shareholder will be released prior to [**REDACTED**]. Guarantee Company A and Guarantee Company B are principally engaged in provision of guarantees on the bank loan, trading loan and factoring in Hubei and Macheng, respectively.

As at 31 December 2022, the increase in balance was primarily attributable to drawing of twelve new bank borrowings and other loans with a total amount of approximately RMB38.0 million, which were partially offset by the repayment of certain bank and other borrowings of approximately RMB14.2 million during FY2022. As we further expanded the scope of our online media advertising services and started to provide advertisement placement services, which required us to make significant amount of prepayments to the Media Partner before providing our provision of advertisement placement services to our customers, we financed bank borrowings and other loans from time to time to support our working capital and business operation. Among the bank borrowings of approximately RMB37.1 million, (i) RMB2.0 million of such new bank borrowings was guaranteed by our Controlling Shareholder and Guarantee Company B; (ii) RMB3.0 million of such new bank borrowings was guaranteed by our Controlling Shareholder and Guarantee Company B; and (iii) RMB5.0 million of such new bank borrowings was guaranteed by Guarantee Company A. All of these guarantees provided by our Controlling Shareholder will be released prior to [**REDACTED**]. For more details of bank borrowings, please refer to the paragraph headed "Indebtedness" in this section.

As at 30 April 2023, the decrease in balance was primarily attributable to the repayment of certain bank and other borrowings of approximately RMB19.9 million, which were partially offset by the drawdown of four new bank borrowings of approximately RMB18.0 million, which were guaranteed by our Controlling Shareholder and/or Huashi Media. The guarantees provided by our Controlling Shareholder will be released prior to [**REDACTED**].

INDEBTEDNESS

The table below sets forth a breakdown of the types of borrowings and the analysis of the carrying amount of the bank borrowings as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 August
	2020	**2021**	**2022**	**2023**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)
Bank borrowings					
– Guaranteed	–	6,750	24,208	27,950	26,750
– Secured and guaranteed	4,200	4,200	9,000	8,000	–
– Unsecured and unguaranteed	1,000	3,239	3,906	–	–
Other loans					
– Guaranteed	–	–	829	–	–
	5,200	**14,189**	**37,943**	**35,950**	**26,750**

	As at 31 December			As at 30 April	As at 31 August
	2020	**2021**	**2022**	**2023**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)
The carrying amounts of the above borrowings are repayable					
– On demand within one year under current liabilities	5,200	10,789	37,224	35,950	26,750
– Over one year under non-current liabilities	–	3,400	719	–	–
	5,200	**14,189**	**37,943**	**35,950**	**26,750**
Lease liabilities	5,978	4,506	2,840	1,938	7,742

Our Group's borrowings were primarily used for our operations and working capital.

Our Group had borrowings of approximately RMB5.2 million, RMB14.2 million, RMB37.9 million, RMB36.0 million and RMB26.8 million as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 August 2023, respectively.

As at 31 December 2020, our Group had (i) a short-term bank borrowing of approximately RMB1.0 million with an effective interest rate at 4.0025% per annum for a one-year term; and (ii) a short-term bank borrowing of approximately RMB4.4 million with an effective interest rate at 4.35% per annum, among of which approximately RMB0.2 million was repaid in November 2020.

As at 31 December 2021, our Group had (i) a short-term bank borrowing of approximately RMB3.2 million with an effective interest rate at approximately 4.05% per annum for a one-year term; (ii) a bank borrowing of RMB4.4 million with an effective interest rate at 5.6% per annum for a two-year term, among which approximately RMB0.2 million was repaid in November 2021; (iii) a short-term bank borrowing of RMB5.0 million with an effective interest rate at 5.70% per annum for a one-year term, among which approximately RMB0.3 million was repaid in November 2021; and (iv) a short-term bank borrowing of RMB2.0 million with an effective interest rate at 4.0% per annum for a one-year term.

As at 31 December 2022, our Group had (i) a short-term bank borrowing of approximately RMB3.2 million with an effective interest rate at 4.05% per annum which will be expired in April 2023; (ii) a short-term bank borrowing of RMB10.0 million with an effective interest rate of 6.40% per annum for a one-year term, among which approximately RMB1.0 million was repaid in November 2022; (iii) a short-term bank borrowing of RMB2.0 million with an effective interest rate of 4.00% per annum for a one-year term; (iv) a short-term bank borrowing of RMB2.0 million with an effective interest rate of 5.50% per annum for a one-year term; (v) a short-term bank borrowing of RMB3.0 million with an effective interest rate of 4.50% per annum for a one-year term; (vi) a short-term bank borrowing of RMB3.0 million with an effective interest rate of 5.15% per annum for a one-year term; (vii) a bank borrowing of approximately RMB1.0 million with an effective interest rate of 12.96% per annum for a two-year term, among which approximately RMB0.3 million was repaid during June 2022 to December 2022 by seven equal installments; (viii) a borrowing from a financial institution of approximately RMB0.8 million with an effective interest rate of 12.96% per annum for a two-year term, among which approximately RMB0.2 million was repaid during June 2022 to December 2022 by seven equal installments; (ix) a bank borrowing of RMB0.8 million with an effective interest rate of 18.0% per annum for a two-year term, among which approximately RMB0.1 million was repaid during September 2022 to December 2022 by four equal installments; (x) a short-term bank borrowing of approximately RMB6.0 million with an effective interest rate of 4.35% per annum for a six-month term; (xi) a short-term bank borrowing of approximately RMB2.5 million with an effective interest rate of 4.35% per annum for a three-month term; (xii) a short-term bank borrowing of approximately RMB5.0 million with an effective interest rate of 5.70% per annum for a one-year term; and (xiii) a borrowing from a financial institution of approximately RMB0.4 million with an effective interest rate of 10.8% per annum for a two-year term, among which approximately RMB0.1 million was repaid during June 2022 to December 2022 by seven equal installments.

As at 30 April 2023, our Group had (i) a short-term bank borrowing of RMB10.0 million with an effective interest rate of 6.40% per annum for a one-year term, among which approximately RMB2.0 million was repaid in November 2022 and February 2023; (ii) a short-term bank borrowing of RMB2.0 million with an effective interest rate of 4.00% per annum for a one-year term; (iii) a short-term bank borrowing of RMB5.0 million with an effective interest rate of 4.50% per annum for a one-year term; (iv) a short-term bank borrowing of RMB2.95 million with an effective interest rate of 4.65% per annum for a one-year term; (v) a short-term bank borrowing of RMB3.0 million with an effective interest rate of 5.15% per annum for a one-year term; (vi) a bank borrowing of approximately RMB4.0 million with an effective interest rate of 4.65% per annum for a one-year term; (vii) a short-term bank borrowing of approximately RMB6.0 million with an effective interest rate of 4.35% per annum for a six-month term; and (viii) a short-term bank borrowing of approximately RMB5.0 million with an effective interest rate of 5.70% per annum for a one-year term.

As at 31 August 2023, our Group had (i) a short-term bank borrowing of RMB1.8 million with an effective interest rate of 4.00% per annum for a one-year term; (ii) a short-term bank borrowing of RMB3.0 million with an effective interest rate of 5.15% per annum for a one-year term; (iii) a bank borrowing of approximately RMB4.0 million with an effective interest rate of 4.65% per annum for a one-year term; (iv) a short-term bank borrowing of RMB3.0 million with an effective interest rate of 4.65% per annum for a one-year term; (v) a short-term bank borrowing of approximately RMB6.0 million with an effective interest rate of 4.35% per annum for a six-month term; (vi) a short-term bank borrowing of approximately RMB5.0 million with an effective interest rate of 4.5% per annum for a one-year term; and (vii) a short-term bank borrowing of approximately RMB4.0 million with an effective interest rate of 4.0% per annum for a six-month term.

Among our bank borrowings as at 30 April 2023 and 31 August 2023, bank borrowing of approximately RMB8.0 million and nil, respectively, was (i) secured by 95.5% of the equity interest of Huashi Media; (ii) secured by the properties owned by our Controlling Shareholder and two related parties; and (iii) guaranteed by our Controlling Shareholder, Huashi HK and Huashi Brand Management. All the abovementioned personal securities and guarantees will be released prior to [**REDACTED**]. Therefore, our Directors are of the view that our Group will be able to obtain the bank and their borrowings independently after [**REDACTED**].

Among our guaranteed and unsecured bank borrowings of approximately RMB28.0 million and RMB26.8 million as at 30 April 2023 and 31 August 2023, respectively, (i) RMB2.0 million and RMB1.8 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder and Guarantee Company B, an Independent Third Party who charged us a fee of RMB20,000; (ii) RMB3.0 million and RMB3.0 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder and Guarantee Company B, an Independent Third Party; (iii) RMB5.0 million and nil, respectively, of such bank borrowings was guaranteed by Guarantee Company A, another Independent Third Party who charged us a fee of RMB50,000; (iv) RMB13.0 million and RMB17.0 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder; and (v) RMB5.0 million and RMB5.0 million, respectively, of such bank borrowings was guaranteed by our Controlling Shareholder and Huashi Media. All of these guarantees provided by our Controlling Shareholder will be released prior to [**REDACTED**]. For the abovementioned bank borrowing of RMB3.0 million and RMB3.0 million as at 30 April 2023 and 31 August 2023, respectively, the guarantee provided by Guarantee Company B was in turn personally guaranteed by our Controlling Shareholder, pursuant to the request of the lending bank. This personal guarantee by our Controlling Shareholder will be released prior to [**REDACTED**]. For the abovementioned bank borrowing of RMB5.0 million and nil as at 30 April 2023 and 31 August 2023, respectively, the guarantee provided by Guarantee Company A was in turn personally guaranteed by our Controlling Shareholder and Huashi Media, pursuant to the request of the lending bank. The guarantees by our Controlling Shareholder will be released prior to [**REDACTED**]. All our bank borrowings guaranteed by the two independent guarantee companies were used for our operation and working capital.

Guarantee Company A is a state-owned limited liability company established in the PRC in May 2004 with a registered capital of approximately RMB222.2 million. It is principally engaged in provision of loan guarantees, bond issuance guarantees, bill acceptance guarantees, letter of credit guarantees and other financing guarantee businesses as well as financing consultation related to guarantee business in the PRC. Based on publicly available information, the number of employees of Guarantee Company A is less than 50. No financial information of Guarantee Company A is available from public domain.

Guarantee Company B is a state-owned limited liability company established in the PRC in November 2020 with a registered capital of approximately RMB1,308.9 million. It is principally engaged in provision of loan guarantees, bond issuance guarantees, bill acceptance guarantees, letter of credit guarantees and other financing guarantee businesses as well as financing consultation related to guarantee business in the PRC. Based on publicly available information, the number of employees of Guarantee Company B is around 55 to 99.

Our Group became acquainted with Guarantee Company A through a bank in May 2022. As the bank had established a stable business and trust relationship with Guarantee Company A, after the bank accepted the loan application of our Group, it initially approached Guarantee Company A to provide guarantee on the bank borrowing of our Group. Guarantee Company A determined the requirement of counter-guarantees and the terms of guarantees including guarantee period and guarantee fees for our Group and then sent the draft guarantee agreements to us for review and approval.

Our Group became acquainted with Guarantee Company B through two banks in September 2022 and December 2022. As the banks had established a stable business and trust relationship with Guarantee Company B, after the banks accepted the loan applications of our Group, the banks initially approached Guarantee Company B to provide guarantees to the bank borrowings of our Group. Guarantee Company B determined the requirement of counter-guarantees and drafted the terms of guarantees including guarantee period and guarantee fees for our Group. After the terms of the guarantees were finalised, Guarantee Company B passed the draft guarantee agreements to the banks which then liaised with our Group for the approval of the guarantee agreements.

Our Directors confirm that, save for the guarantee relationship with our Group as discussed above, Guarantee Company A and Guarantee Company B or their respective shareholders, directors or associates do not have any past or present relationships or arrangements (including, without limitation, shareholding, family, employment, business, financing, trust, guarantee and fund flow) with our Company and our subsidiaries, their shareholders, directors, senior management, or any of their respective associates.

In addition, our Directors confirmed that our Group did not approach other financial institutions prior to obtaining the guarantees from Guarantee Company A and Guarantee Company B.

Save as disclosed above, our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 30 April 2023 and up to the date of this document.

The lease liabilities represented our office premises for operations and were measured at present value of the lease payment that are not yet paid. The lease liabilities amounted to approximately RMB6.0 million, RMB4.5 million, RMB2.8 million, RMB1.9 million and RMB7.7 million as at 31 December 2020, 2021 and 2022, 30 April 2023 and 31 August 2023, respectively.

As at 31 August 2023, being the latest practicable date for the purpose of the indebtedness statement, our Group had aggregate bank borrowings and facilities of approximately RMB49.9 million, of which approximately RMB23.2 million had not been utilised.

During the Track Record Period, the borrowing agreements with banks and financial institutions were entered into with the lenders under normal standard terms and conditions and do not contain any special restrictive covenants. During the Track Record Period and as of the Latest Practicable Date, none of our lenders have claimed default against us under any of the terms in the borrowing agreements with banks and a financial institution.

Save as disclosed in paragraphs headed "Borrowings" and "Indebtedness" in this section, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding as at 31 August 2023.

WORKING CAPITAL

Taking into account the financial resources available to our Group, including the available cash and cash equivalents, bank facilities, cash flows generated from our operations, and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that our Group has sufficient working capital for our present requirements for at least the next 12 months commencing from the date of this document.

CAPITAL EXPENDITURE

During the Track Record Period, we incurred capital expenditures for the purchase of plant and equipment and intangible assets. Our capital expenditures were approximately RMB11.5 million, RMB0.7 million, RMB15.9 million and nil for FY2020, FY2021, FY2022 and 4M2023, respectively. We principally funded our capital expenditures through our internal resources and bank borrowings.

	FY2020	**FY2021**	**FY2022**	**4M2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Plant and equipment	5,715	677	15,851	–
Intangible assets	5,824	–	–	–
	11,539	**677**	**15,851**	**–**

As at the Latest Practicable Date, we did not have any significant capital commitments.

CONTINGENT LIABILITIES

As at 31 August 2023, our Group did not have any other significant contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

As at 31 August 2023, our Group had not entered into any material off-balance sheet commitments and arrangement.

RELATED PARTY TRANSACTIONS

Except the emoluments paid to our Directors as set out in notes 13 and 31 to the Accountants' Report contained in Appendix I in the document, there were no related party transactions during the Track Record Period.

CAPITAL COMMITMENTS

As at 31 December 2020, 2021 and 2022 and 30 April 2023, our capital commitments contracted but not provided for were as follows:

	As at 31 December			**As at 30 April**
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure of the Group contracted but not provided for	–	14,000	11,000	15,500

We recorded a capital commitment of approximately RMB14.0 million, RMB11.0 million and RMB15.5 million for acquiring the intangible assets as at 31 December 2021 and 2022 and 30 April 2023, respectively.

KEY FINANCIAL RATIOS

The table below sets forth our selected key financial ratios during the Track Record Period:

	For the year ended/as at 31 December			For the four months ended/as at 30 April
	2020	**2021**	**2022**	**2023**
Gross profit margin[1]	41.5%	36.6%	49.9%	62.3%
Net profit margin[2]	23.5%	11.7%	22.0%	34.6%
Gearing ratio[3]	21.3%	38.6%	43.3%	31.5%
Current ratio[4]	3.1 times	2.1 times	2.1 times	1.8 times
Return on equity[5]	46.4%	38.1%	48.5%	21.6%
Return on assets[6]	31.0%	20.7%	28.1%	10.6%
Interest coverage ratio[7]	271.7 times	53.8 times	44.4 times	47.7 times
Net debt to equity ratio[8]	Net cash	Net cash	39.9%	1.4%

Notes:

1. The gross profit margin is calculated by dividing the gross profit by the revenue for the respective year/period multiplied by 100%.

2. The net profit margin is calculated by dividing the profit for the year/period by the revenue for the respective year/period multiplied by 100%.

3. The gearing ratio is calculated by dividing the sum of total bank and other borrowings and lease liabilities by total equity as at the end of respective year/period multiplied by 100%.

4. The current ratio is calculated by dividing current assets by current liabilities as at the end of the respective year/period.

5. Return on equity equals profit for the year/period divided by the total equity as at the end of the respective year/period multiplied by 100%.

6. Return on assets is calculated profit for the year/period divided by the total assets as at the end of the respective year/period multiplied by 100%.

7. Interest coverage ratio is calculated by dividing profit before interest and taxes by interest on borrowings.

8. Net debt to equity ratio equals net debt divided by total equity at the end of the year/period multiplied by 100%. Net debt includes borrowings and lease liabilities net of bank balances and cash and amount due from related parties.

Gross profit margin

Our gross profit margin decreased slightly from approximately 41.5% for FY2020 to approximately 36.6% for FY2021, primarily due to the decrease in revenue contribution of branding services which had higher gross profit margins than other services. Our gross profit margin increased from approximately 36.6% for FY2021 to approximately 49.9% for FY2022, mainly due to (i) the increase in revenue generated from branding services which entailed higher gross profit margin; and (ii) the increase in revenue contribution from advertisement placement services (including rebates from Media Partner), which was recognised on a net basis. For 4M2023, our gross profit margin further increased to approximately 62.3%, primarily attributable to the increase in revenue from the nine advertising agents out of the Ten Advertising Agents under online media advertising services and our advertisement placement services (including rebates from Media Partner), the revenue from both of which were recognised on a net basis and most of the costs had been netted off with the gross revenue.

Net profit margin

For FY2021, our net profit margin decreased from approximately 23.5% for FY2020 to approximately 11.7% as a result of the increased [**REDACTED**]. For FY2022, our net profit margin increased to approximately 22.0%, primarily attributable to (i) the increase in our gross profit due to the increase in our revenue; and (ii) the decrease in [**REDACTED**], which were partially offset by (i) the increase in administrative expenses; (ii) the increase in provision of expected credit loss on financial and contract assets, net; and (iii) the increase in selling and marketing expenses. For 4M2023, our net profit margin further increased to approximately 34.6%, primarily attributable to (i) the increase in our gross profit; and (ii) the decrease in [**REDACTED**].

Gearing ratio

Our gearing ratio increased from approximately 21.3% as at 31 December 2020 to approximately 38.6% and 43.3% as at 31 December 2021 and 2022, respectively, which was primarily attributable to the increase in bank borrowings. Our gearing ratio decreased from approximately 43.3% as at 31 December 2022 to approximately 31.5% as at 30 April 2023, mainly due to the increase in total equity resulting from the increase in profit during the period.

Current ratio

Our current ratio decreased from approximately 3.1 times as at 31 December 2020 to approximately 2.1 times as at 31 December 2021, which was primarily due to the increase in trade payables and bank borrowings as well as the increase in accruals and other payables as a result of the increase in [**REDACTED**]. Our current ratio remained stable at approximately 2.1 times as at 31 December 2022. Our current ratio then decreased to approximately 1.8 times as at 30 April 2023, primarily due to the increase in trade payables and accruals and other payables.

Return on equity

Our return on equity decreased from approximately 46.4% for FY2020 to approximately 38.1% for FY2021, primarily attributable to the decrease in profit for the year. Our return on equity for FY2022 increased to approximately 48.5%, primarily attributable to the increase in profit for the year. Our return on equity amounted to approximately 21.6% for 4M2023.

Return on assets

Our return on assets decreased from approximately 31.0% for FY2020 to approximately 20.7% for FY2021, primarily attributable to the decrease in profit for the year. Our return on assets increased from approximately 20.7% for FY2021 to approximately 28.1% for FY2022, primarily attributable to the increase in profit for the year. Our return on assets amounted to approximately 10.6% for 4M2023.

Interest coverage ratio

Our interest coverage ratio decreased from approximately 271.7 times for FY2020 to approximately 53.8 times for FY2021, which was due to the decrease in profit before interest and taxes. Our interest coverage ratio decreased to approximately 44.4 times for FY2022 mainly due to the increase in borrowings for FY2022. Our interest coverage ratio remained relatively stable at approximately 47.7 times for 4M2023.

Net debt to equity ratio

We had net cash as at 31 December 2020 and 2021, respectively. As a result of the increase in bank borrowings, our net debt to equity ratio amounted to approximately 39.9% as at 31 December 2022. Our net debt to equity ratio decreased from approximately 39.9% as at 31 December 2022 to approximately 1.4% as at 30 April 2023, primarily attributable to the increase in cash and cash equivalents and total equity resulting from the increase in profit during the period.

FINANCIAL RISK MANAGEMENT

During our conduct of business, we are exposed to various types of market risks including interest rate risk, credit risk and liquidity risk. Details of the risks to which we are exposed to are set out in note 35 to the Accountants' Report set out in Appendix I to this document.

DIVIDENDS

On 18 August 2020, Huashi Media declared and paid an aggregate dividend of RMB17.4 million to its then shareholders. Save as above, no other dividends have been paid or declared by us during the Track Record Period. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

After completion of the [**REDACTED**], while we currently have no plans to pay dividends to the Shareholders in the foreseeable future, we may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to distribute any interim dividend or recommend any final dividend would require the approval of our Board and will be at its discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. Our Company currently does not have any predetermined dividend payout ratio. A decision to declare or pay any dividend in the future and the amount of any dividends depends on a number of factors, including but not limited to our results of operations, financial position, working capital, capital requirements and other factors our Board may deem relevant. We will review our dividend policy from time to time. Our Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 18 February 2021 as an investment holding company and had no reserve available for distributions to our Shareholders as at 30 April 2023.

[**REDACTED**]

The estimated total [**REDACTED**] in connection with the [**REDACTED**] are approximately HK$[**REDACTED**] or RMB[**REDACTED**] (based on the [**REDACTED**] of the [**REDACTED**] of HK$[**REDACTED**]), of which approximately RMB[**REDACTED**] is expected to be deducted from the equity. During the Track Record Period, we incurred [**REDACTED**] of approximately RMB[**REDACTED**]. We expect to incur additional [**REDACTED**] (including [**REDACTED**]) of approximately RMB[**REDACTED**] subsequent to 30 April 2023, which is expected to be recognised as expenses in the consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2023 and approximately RMB[**REDACTED**] is expected to be recognised as a deduction in equity directly. The [**REDACTED**] above are the latest practicable estimate for reference only, and the act amount may differ from this estimate.

Our Directors consider that our financial results will be affected by the expenses in relation to the [**REDACTED**] as we expect to further recognise approximately [**REDACTED**] million in the consolidated statements of profit or loss and comprehensive income for the year ending 31 December 2023. Accordingly, the financial performance for the year ending 31 December 2023 is expected to be adversely affected by the estimated expenses in relation to the [**REDACTED**].

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

For details of our unaudited [**REDACTED**] adjusted consolidated net tangible assets, please refer to the paragraph headed "Appendix II – Unaudited [**REDACTED**] financial information" in this document.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model, revenue and cost structure basically remained unchanged subsequent to the Track Record Period and up to the Latest Practicable Date. Subsequent to the Track Record Period and up to the Latest Practicable Date, we entered into 20, nil, 92, 64 and 55 contracts of our branding services, traditional offline media advertising services, online media advertising services, provision of advertisement placement services and event execution and production services, with an aggregate contract sum of approximately RMB34.9 million, nil, RMB12.4 million, nil and RMB18.9 million, respectively.

As at the Latest Practicable Date, we had a total of 173 ongoing projects with a total outstanding contract sum of approximately RMB12.2 million, of which:

(i) there were 6 ongoing branding services projects, with an outstanding contract sum of approximately RMB2.9 million;

(ii) there were 163 ongoing provision of advertisement placement services projects, of which the aggregate outstanding contract sum of five contracts were approximately RMB7.7 million, while no contract sum was stipulated in the remaining 158 framework agreements; and

(iii) there were 4 event execution and production services project, with an outstanding contract sum of approximately RMB1.6 million.

For the eight months ended 31 August 2023, we recorded a moderate growth in revenue and there was an increase in the contract value for new projects of branding services and an increase in the number of new projects for the provision of advertisement placement services as compared with the corresponding period in 2022. Without considering the effect of the [**REDACTED**], we expect that there will be a moderate increase in our revenue for the year ending 31 December 2023 as compared to the previous year. The growth in the business segments of provision of branding services, event execution and production services and advertisement placement services (including rebates from Media Partner) is expected to continue to contribute to the financial performance of our Group for the year ending 31 December 2023.

Save for the [**REDACTED**] in connection with the [**REDACTED**], our Directors confirm that there had been no material adverse change in our financial or trading position since 30 April 2023, being the date of which our latest audited consolidated financial statements were made up, and up to the date of this document.

Following the continued expansion of our provision of advertisement placement services and in line with our plan to establish our branding data platform and R&D database, acquire market and industry data, recruit additional R&D staff, enhance our online advertising platform, acquire equipment and software for in-house content production, expand our branch offices and increase our marketing efforts, our operating expenses including depreciation charges, staff costs and selling and marketing expenses, are expected to increase accordingly for the year ending 31 December 2023.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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

BUSINESS OBJECTIVES AND STRATEGIES

Our objective is to strengthen our market position as a branding, advertising and marketing service provider in the PRC and further increase our market share. Please refer to the paragraph headed "Business – Business strategies" in this document for a detailed description of our business strategies and future plans.

[REDACTED]

We estimate that the aggregate [**REDACTED**] from the [**REDACTED**] (after deducting the related [**REDACTED**] and estimated expenses) based on the [**REDACTED**] of [**REDACTED**] per [**REDACTED**], being the [**REDACTED**] of the indicative [**REDACTED**] of [**REDACTED**] to [**REDACTED**] per [**REDACTED**], will be approximately HK$ [**REDACTED**]. We intend to apply such [**REDACTED**] in the following manner:

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to strengthen our data analytical capabilities and further enhance our branding services, consisting of:
  - approximately [**REDACTED**]%, or HK$[**REDACTED**] is expected to be used to establish our branding data platform and R&D database;
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to acquire more comprehensive market and industry data; and
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for recruitment of additional staff for our R&D department;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to expand our online media advertising services, consisting of:
  - approximately [**REDACTED**]%, or HK$[**REDACTED**] is expected to be used to enhance our online advertising platform; and
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to develop our in-house content production capabilities;
- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to expand the geographical reach of our services, consisting of:
  - approximately [**REDACTED**]%, or HK$[**REDACTED**] is expected to be used to set up our Beijing office; and
  - approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to set up our Shanghai office;

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to improve our brand recognition and increase our marketing efforts; and

- approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for our working capital and general corporate purposes.

Assuming [**REDACTED**] is not exercised, in the event that the [**REDACTED**] is fixed at the high-end, being [**REDACTED**] per [**REDACTED**], or the bottom-end, being [**REDACTED**] per [**REDACTED**], compared to the [**REDACTED**] of the [**REDACTED**], the [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], and the above [**REDACTED**] of the [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro-rata basis accordingly.

To the extent that the [**REDACTED**] from the [**REDACTED**] are not immediately applied to the disclosed purposes and to the extent permitted by applicable laws and regulations, our Directors will only deposit such [**REDACTED**] with authorised financial institutions and/or licensed banks (as defined under the Securities and Futures Ordinance) in Hong Kong.

IMPLEMENTATION PLAN

The following table sets forth a summary of our implementation plan from 1 November 2023 to 30 June 2025:

Business strategies	**Aggregate amount** *(HK$'million)*		**Breakdown**	**Approximate [REDACTED] to be utilised** For the period from 1 November 2023 to 31 December 2023 *(HK$'million)*	**For the year ending 31 December 2024** *(HK$'million)*	**For the period from 1 January 2025 to 31 October 2025** *(HK$'million)*
		%	*(HK$'million)*			
Strengthen data analytical capabilities and further enhance our branding services	[REDACTED]	[REDACTED]				
(i) Establish our branding data platform and R&D database			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) Acquire more comprehensive market and industry data			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(iii) Recruitment of additional staff for our R&D department			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Business strategies	Aggregate amount	Breakdown		Approximate [REDACTED] to be utilised For the period from 1 November 2023 to 31 December 2023	For the year ending 31 December 2024	For the period from 1 January 2025 to 31 October 2025
	(HK$'million)	%	*(HK$'million)*	*(HK$'million)*	*(HK$'million)*	*(HK$'million)*
Expand our online media advertising services	[REDACTED]	[REDACTED]				
(i) Enhance our online media advertising platform						
– Engagement of IT service provider to enhance our online media advertising platform			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Procurement of software			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Procurement of hardware			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) Develop in-house content production capabilities						
– Setting up of video studio premises			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Purchase of equipment and software			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expand the geographical reach of our services	[REDACTED]	[REDACTED]				
(i) Setting up of new office in Beijing						
– Rental cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Decoration cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Staff cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Office facilities cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Other administrative expenses			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(ii) Setting up of new office in Shanghai						
– Rental cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Decoration cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Staff cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Office facilities cost			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Other administrative expenses			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improve our brand recognition and increase our marketing efforts	[REDACTED]	[REDACTED]				
– Organise and host marketing events and activities			[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

BASES AND ASSUMPTIONS

The implementation plan set out by our Directors is based on the following bases and assumptions:

(a) there will be no material changes in existing laws and regulations, or other government policies relating to our Group, or in the political, social, economic or market conditions in which our Group operates;

(b) there will be no material changes in the funding required for each of the planned application of funds in this section and as described in the paragraph headed "[**REDACTED**]" in this section as estimated by our Directors;

(c) the [**REDACTED**] will be completed in accordance with and as described in the section headed "Structure and Conditions of the [**REDACTED**]" in this document;

(d) we will be able to retain the key staff in the management and the professional team;

(e) we will have sufficient financial resources to meet the planned capital expenditures and business development requirements during the period to which the business objective relates;

(f) there will be no changes in the effectiveness of the licences, permits and qualifications obtained by our Group, where applicable;

(g) there will be no significant change in our Group's business relationship with our customers, suppliers, subcontractors and landlords;

(h) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

(i) there will be no wars, military incidents, pandemic diseases, disasters, natural, political or otherwise, which would materially disrupt the business or operation of our Group;

(j) we will be able to continue our operation in substantially the same way as we have been operating and we will also be able to carry out our development plans without disruption; and

(k) our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this document.

REASONS FOR THE [REDACTED]

Commercial rationale for the [REDACTED]

Our Directors believe that the [**REDACTED**] is strategically critical to the long-term growth of our Group for reasons set out below:

(i) Funding needs for our business expansion

According to Frost & Sullivan, from 2017 to 2022, the total expenditure in integrated branding, advertising and marketing service market in China experienced a rapid increase from RMB624.1 billion to RMB1,049.8 billion, with a CAGR of 11.0%. In the future, the integrated branding, advertising and marketing service market in China is expected to maintain a rapid development, with the total expenditure reaching RMB1,538.0 billion by the end of 2027, representing a CAGR of 7.2% from 2023 to 2027.

In order to capitalise on the growing business opportunities in the integrated branding, advertising and marketing service market and increase our market share, our Group has to continuously increase our competitiveness by implementing our business strategies including: (i) strengthen our data analytical capabilities and further enhance our branding services; (ii) expand our online media advertising services; (iii) expand the geographical reach of our services; and (iv) improve our brand recognition and increase our marketing efforts.

In view of the above, we have a genuine funding need. Through the [**REDACTED**], we can raise funds from the [**REDACTED**] and apply the [**REDACTED**] to the implementation plans as discussed in this section. For the period ending from 1 November 2023 to 31 December 2023, the year ending 31 December 2024 and the period ending from 1 January 2025 to 31 October 2025, we expect our future plan will cost approximately HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**], respectively. Our cash and cash equivalents amounted to approximately RMB16.1 million as at 31 August 2023. After considering our expected expenditure and expenses, our Directors are of the view that our current capital resources is insufficient to cover our funding needs and the [**REDACTED**] from the [**REDACTED**] is necessary for the successful implementation of our future plans. In particular, our existing level of capital resources may no longer be adequate as we continue to grow and expand our business. If we face net operating cash outflow and do not have sufficient working capital at that time, we may have to fund our operating costs by obtaining more bank borrowings on terms which may be unfavourable to us, resulting in additional finance costs and interest rate risk exposure and we still may not be able to meet our payment obligations including our trade payables and implement our expansion plans in a synchronised and timely manner.

We do not have any material amount of fixed assets available for security or pledge to support us to secure a higher amount of banking facilities for our business needs, or may also be subject to unfavourable terms and additional finance costs. Therefore, our Directors are of the view that it is in the interest of our Group not to fully utilise our internal resources and bank borrowings for funding our expansion plans.

Our Directors believe that the [**REDACTED**] will facilitate the implementation of our business strategies by providing additional funding for us to implement our business strategies, thereby strengthening our competitiveness as a branding, advertising and marketing service provider and increasing our market presence in branding, advertising and marketing service market in the PRC.

(ii) Enhancing our corporate profile and market position

Our Directors consider that the [**REDACTED**] status would further enhance our Group's corporate profile and brand awareness as well as increase our competitiveness. Apart from the [**REDACTED**] obtained from the [**REDACTED**], our Directors are of the view that public [**REDACTED**] status on the Stock Exchange is a complementary advertising for our Group to [**REDACTED**] and customers, which can enhance our corporate profile and our credibility with the public and potential business partners given a public [**REDACTED**] company will have greater transparency, relevant regulatory supervision and stability generally. The [**REDACTED**] status will therefore serve to promote our corporate profile and brand awareness. Moreover, we believe that the [**REDACTED**] will further strengthen our internal control and corporate governance practices, which in turn will increase our customers' confidence in our services and thereby attract more potential customers, especially those sizeable customers who may be more inclined towards engaging a counterpart service provider with proven track record, solid and transparent corporate status and reputation. Therefore, our Directors believe that a public [**REDACTED**] status will generate reassurance among our Group's customers and enhance our competitiveness in the market which will contribute to expansion of our market share and drive our business performance and growth.

(iii) Enhancing our staff morale and loyalty

A public [**REDACTED**] status will also facilitate us in motivating, retaining and attracting talents to join our Group. Access to a larger pool of talents will improve our service quality and facilitate our recruitment of additional manpower under our future plans. In addition, the status of being a [**REDACTED**] company will facilitate our in-house talent management, through offering equity-based incentive programme (such as share option scheme) to our staff, staff retention and development, thereby our existing staff may be motivated to further develop their career with us in view of the incentive programmes which directly correlates to their performance and our business and perceived status associated with working for a [**REDACTED**] company in Hong Kong.

(iv) Advantages of equity financing over debt financing

In choosing between debt financing and equity financing, our Directors noted that equity financing provides non-financial benefits which debt financing cannot provide, including that (i) debt financing from banks or financial institutions normally requires charge of properties or other significant assets which our Group currently lacks, or requires personal guarantee from our Controlling Shareholders which may result in us placing reliance on our Controlling Shareholders; (ii) debt financing and equity financing are not mutually exclusive, but our

Group is expected to be in a better position to negotiate with banks and financial institutions for more favourable terms in debt financing such as higher amount of credit facility and lower interest rate if we are a [**REDACTED**] company with enlarged equity and financial capital base; (iii) our Directors consider that, despite the cost of equity financing by way of [**REDACTED**] after taking into account the [**REDACTED**] might not be lower than debt financing, equity financing will broaden our Group's capital base, rather than a short-term uplift, and provide a platform for our Company's fund raising in the long-run and on a recurring basis, which is not limited to the amount of [**REDACTED**] to be raised in the [**REDACTED**], to finance our future business expansion and long-term development; and (iv) interest expenses will be incurred when our Group pursues debt financing exercise which will adversely affect our financial performance. Therefore, our Directors consider that the above intangible benefits brought by the [**REDACTED**] and equity financing would justify the costs and uncertainties involved in the [**REDACTED**] application, and prefer to pursue equity financing to implement our business strategies.

(v) Providing fund-raising platform, create liquidity for our Shares and broaden our Shareholder base

The [**REDACTED**] will enable our Group to be accessible to a wider [**REDACTED**] base and additional fund-raising avenues with direct access to the capital market and for secondary fund-raising after [**REDACTED**] to fund our existing and future operations and development. After [**REDACTED**], [**REDACTED**] will have access to equity markets for trading of our Shares. Once there is liquidity of our Shares through the [**REDACTED**], our shareholder base will be broadened, thereby our Company can diversify our capital-raising activities rather than solely relying on the revenue generated from our business operation and debt financing.

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[**REDACTED**]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HUASHI GROUP HOLDINGS LIMITED AND RAINBOW CAPITAL (HK) LIMITED

Introduction

We report on the historical financial information of Huashi Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position as at 31 December 2020, 2021, 2022 and 30 April 2023, and the statements of financial position of the Company as at 31 December 2021, 2022 and 30 April 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "**Track Record Period**") 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-59 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "**Document**") in connection with the [**REDACTED**] of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 and Note 4.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 and Note 4.1 to the Historical

Financial Information 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 Company's financial position as at 31 December 2021, 2022 and 30 April 2023 and the Group's financial position as at 31 December 2020, 2021, 2022 and 30 April 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 and Note 4.1 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 30 April 2022 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in Note [2] and Note [4.1] to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 and Note 4 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-14 have been made.

Dividends

We refer to Note 11 to the Historical Financial Information which contains information about the dividends paid by the Group in respect of the Track Record Period.

BDO Limited
Certified Public Accountants
Wan Che Bun
Practising Certificate Number P05804
Hong Kong, [●]

I. HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period (also referred to as the "**Relevant Periods**"), on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing (the "**HKSA**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
	Notes	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*6*	103,444	157,637	207,167	60,663	75,014
Cost of services		(60,559)	(99,966)	(103,882)	(39,741)	(28,267)
Gross profit		42,885	57,671	103,285	20,922	46,747
Other income	*7*	1,272	954	402	144	2,637
Selling and marketing expenses		(2,663)	(4,601)	(6,406)	(1,786)	(3,276)
Administrative expenses		(10,231)	(20,148)	(29,544)	(7,420)	(10,469)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(Provision for)/reversal of expected credit loss on financial and contract assets, net		(1,031)	1,362	(5,935)	(663)	(3,408)
Finance costs	*8*	(462)	(693)	(1,457)	(331)	(704)
Profit before income tax expense	*9*	29,679	23,156	55,610	8,968	30,996
Income tax expense	*10*	(5,358)	(4,682)	(9,951)	(1,634)	(5,018)
Profit for the year/period		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit attributable to:						
– Owners of the Company		24,228	18,474	45,659	7,334	25,978
– Non-controlling interests	*30*	93	–	–	–	–
		24,321	18,474	45,659	7,334	25,978

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2020 RMB'000	2021 RMB'000	2022 RMB'000	As at 30 April 2023 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Plant and equipment	*14*	7,958	6,611	17,958	15,449
Right-of-use assets	*15*	4,187	3,010	1,804	1,408
Intangible assets	*16*	5,824	4,734	3,569	3,181
Deferred tax assets	*27*	993	1,131	1,649	2,329
Prepayments	*18*	–	6,000	9,000	4,500
		18,962	21,486	33,980	26,867
Current assets					
Contract assets	*19*	288	179	2,319	635
Trade receivables	*20*	22,972	32,040	102,602	161,346
Deposits, prepayments and other receivables	*21*	22,293	5,491	20,586	20,974
Amount due from shareholders	*23*	–	307	307	307
Amount due from a non-controlling interests shareholder	*23*	1,848	–	–	–
Cash and cash equivalents	*22*	12,071	30,203	2,874	35,864
		59,472	68,220	128,688	219,126
Current liabilities					
Trade payables	*24*	8,513	10,803	7,908	64,846
Accruals and other payables	*25*	2,746	7,119	7,206	10,275
Contract liabilities	*6*	56	722	4,357	3,001
Lease liabilities	*17*	1,493	1,666	1,844	1,921
Borrowings	*26*	5,200	10,789	37,224	35,950
Income tax payable		1,422	1,156	3,877	4,652
		19,430	32,255	62,416	120,645
Net current assets		40,042	35,965	66,272	98,481
Total assets less current liabilities		59,004	57,451	100,252	125,348
Non-current liabilities					
Borrowings	*26*	–	3,400	719	–
Lease liabilities	*17*	4,485	2,840	996	17
Deferred tax liabilities	*27*	2,061	2,742	4,409	5,225
		6,546	8,982	6,124	5,242
Net assets		52,458	48,469	94,128	120,106

		As at 31 December			As at 30 April
	Notes	**2020**	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
EQUITY					
Equity attributable to owners of the Company					
Share capital	*29*	–	322	322	322
Reserves	*29*	50,680	48,147	93,806	119,784
Equity attributable to owners of the Company		50,680	48,469	94,128	120,106
Non-controlling interests	*30*	1,778	–	–	–
Total equity		52,458	48,469	94,128	120,106

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December 2021 *RMB'000*	As at 31 December 2022 *RMB'000*	As at 30 April 2023 *RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Investment in a subsidiary		–*	–*	–*
		–*	–*	–*
Current assets				
Amount due from shareholders	*23*	307	307	307
Amount due from a subsidiary	*23*	980	980	980
		1,287	1,287	1,287
Current liabilities				
Amount due to a subsidiary		–*	–*	–*
		–	–*	–*
Net current assets		1,287	1,287*	1,287
Net assets		1,287	1,287	1,287
EQUITY				
Capital and reserves				
Share capital	*29*	322	322	322
Reserves	*29*	965	965	965
Total equity		1,287	1,287	1,287

* The amount is less than RMB1,000

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the company						
	Share capital *RMB'000* *(Note 29)*	Capital reserves* *RMB'000* *(Note a)*	PRC statutory reserves* *RMB'000* *(Note b)*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000* *(Note 30)*	Total equity *RMB'000*
At 1 January 2020	–	22,381	4,524	16,947	43,852	1,685	45,537
Profit for the year	–	–	–	24,228	24,228	93	24,321
Appropriation to PRC statutory reserves	–	–	2,637	(2,637)	–	–	–
Dividends declared and paid by a subsidiary *(note 11)*	–	–	–	(17,400)	(17,400)	–	(17,400)
At 31 December 2020 and 1 January 2021	–	22,381	7,161	21,138	50,680	1,778	52,458
Profit for the year	–	–	–	18,474	18,474	–	18,474
Appropriation to PRC statutory reserves	–	–	2,419	(2,419)	–	–	–
Issue of share capital	322	–	–	–	322	–	322
Transaction with a non-controlling interests shareholder of Wuyuan Fujie	–	–	–	(222)	(222)	(1,778)	(2,000)
Deemed distribution *(note c)*	–	(20,785)	–	–	(20,785)	–	(20,785)
At 31 December 2021 and 1 January 2022	322	1,596	9,580	36,971	48,469	–	48,469
Profit for the year	–	–	–	45,659	45,659	–	45,659
Appropriation to PRC statutory reserves	–	–	1,330	(1,330)	–	–	–
At 31 December 2022 and 1 January 2023	322	1,596	10,910	81,300	94,128	–	94,128
Profit for the period	–	–	–	25,978	25,978	–	25,978
At 30 April 2023	322	1,596	10,910	107,278	120,106	–	120,106
At 31 December 2021 and 1 January 2022	322	1,596	9,580	36,971	48,469	–	48,469
Profit for the period	–	–	–	7,334	7,334	–	7,334
At 30 April 2022 (Unaudited)	322	1,596	9,580	44,305	55,803	–	55,803

* The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.

Notes:

(a) Capital reserves represented the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries upon completion of the Reorganisation.

(b) Statutory reserves represented the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China ("PRC") (based on the subsidiaries PRC statutory financial statements) in accordance with the relevant PRC laws until the statutory reserves reach 50% of the registered capital of the subsidiaries. The statutory reserves cannot be reduced except either in setting off the accumulated losses or increasing capital.

(c) On 27 April 2021, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue entered into an equity transfer agreement with Huashi Brand Management, pursuant to which each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred their 76.8736%, 6.6207%, 6%, 4.9931% and 1.0115% equity interest in Huashi Media to Huashi Brand Management at the consideration of RMB16,720,000, RMB1,440,000, RMB1,305,000, RMB1,086,000 and RMB220,000 respectively, which were determined with reference to the then subscribed capital contribution of Huashi Media. Huashi HK and Mr. Shen entered into an equity transfer agreement (as further amended and supplemented by a supplemental agreement dated 6 May 2021), pursuant to which Mr. Shen transferred 4.5011% equity interest in Huashi Media to Huashi HK at the consideration of RMB979,700, which was determined with reference to his capital contribution to Huashi Media.

The Company and Mr. Shen entered into a subscription agreement, pursuant to which the Company allotted and issued 45,011 shares to Mr. Shen at the consideration of RMB979,000, which was determined with reference to the consideration for the transfer of the 4.5011% equity interest in Huashi Media from Mr. Shen to Huashi HK. The par value of 4.5011% ordinary share is RMB14,000 and the remaining proceeds of RMB965,000 were credited to capital reserves.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cash flows from operating activities					
Profit before income tax expenses	29,679	23,156	55,610	8,968	30,996
Adjustments for:					
Interest income	(11)	(372)	(149)	(14)	(139)
Finance costs	462	693	1,457	331	704
Depreciation of plant and equipment	1,458	2,024	4,504	658	2,509
Amortisation of intangible assets	–	1,090	1,165	388	388
Depreciation of right-of-use assets	1,200	1,204	1,206	396	396
COVID-19-related rent concessions from lessors	(821)	–	–	–	–
Loss on disposals of plant and equipment	7	–	–	–	–
Provision for/(reversal of) expected credit loss on financial and contract assets, net	1,031	(1,493)	5,935	663	3,408
Operating profit before working capital changes	33,005	26,302	69,728	11,390	38,262
Increase in trade receivables	(8,632)	(8,947)	(75,555)	(4,402)	(62,637)
(Increase)/decrease in contract assets	(34)	133	(2,307)	(1,579)	1,820
Decrease/(increase) in deposits, prepayments and other receivables	3,546	(2,002)	(15,870)	(11,429)	(39)
Increase/(decrease) in trade payables	6,354	2,290	(2,895)	(882)	56,938
Increase in accruals and other payables	1,476	4,373	87	1,378	3,069
(Decrease)/increase in contract liabilities	(4,337)	666	3,635	2,131	(1,356)
Cash generated from/(used in) operations activities	31,378	22,815	(23,177)	(3,393)	36,057
Income tax paid	(3,027)	(4,405)	(6,081)	(1,694)	(4,107)
Net cash generated from/(used in) operating activities	28,351	18,410	(29,258)	(5,087)	31,950
Cash flows from investing activities					
Interest received	11	372	149	14	139
Purchase of intangible assets	(5,824)	–	–	–	–
Purchase of plant and equipment	(5,715)	(677)	(15,851)	(8,496)	–
Prepayment for an intangible asset	–	(6,000)	(3,000)	(3,000)	–
Refund of prepayment for an intangible asset	–	–	–	–	4,500
Prepayment for plant and equipment	–	–	–	(1,104)	–
Repayments from/(advances to) in amount due from shareholders	29,170	(307)	–	–	–
(Loan to)/repayment from third party	(20,000)	20,000	–	–	–
Net cash (used in)/generated from investing activities	(2,358)	13,388	(18,702)	(12,586)	4,639

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Cash flows from financing activities					
Proceeds from borrowings	5,400	14,639	37,990	6,520	17,950
Repayment of borrowings	(1,278)	(5,650)	(14,236)	(1,620)	(19,943)
Lease payment	(856)	(1,753)	(1,842)	(898)	(942)
Dividends paid	(17,400)	–	–	–	–
Transaction arising from the reorganisation	–	(20,785)	–	–	–
Issue of share capital	–	322	–	–	–
Payments of loan interests	(110)	(439)	(1,281)	(263)	(664)
Net cash (used in)/generated from financing activities	(14,244)	(13,666)	20,631	3,739	(3,599)
Net increase/(decrease) in cash and cash equivalents	11,749	18,132	(27,329)	(13,934)	32,990
Cash and cash equivalents at beginning of the year/period	322	12,071	30,203	30,203	2,874
Cash and cash equivalents at end of the year/period	12,071	30,203	2,874	16,269	35,864

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of Company's registered office is located at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is located at PRC.

Pursuant to a group reorganisation (the "Reorganisation") as detailed in the paragraph headed "History, Reorganisation and Corporate Structure – Reorganisation" in the Document, the Company became the holding company of the subsidiaries now comprising the Group on 18 February 2021. The Company has not carried on any business since the date of its incorporation save for the Reorganisation.

The principal activity of the Company is investment holding. The Group is principally engaged in provision of branding, advertising and marketing service in the PRC (the "[**REDACTED**] **Business**").

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	At the date of this report	Principal activities
Huashi International Group Limited (華視國際集團有限公司) ("Huashi International") *(note c, i)*	24 February 2021, British Virgin Island	US dollars ("USD") 1	100%	Investment holding
Huashi Group Limited (華視傳媒集團有限公司) ("Huashi HK") *(note d, i)*	16 March 2021, Hong Kong	HK dollars ("HKD") 50,000	100%	Investment holding
Huashi Zhongguang Brand Management (Hubei) Co., Ltd. (華視中廣品牌管理(湖北)有限公司) ("Huashi Brand Management") *(note d, e, g, i)*	7 April 2021, PRC	RMB5,000,000	100%	Investment holding
Donghu Brand Research Institute Company Limited (東湖品牌研究院有限公司) ("Donghu Brand Research") *(note d, i)*	20 April 2021, Hong Kong	HKD50,000	100%	Dormant company
Huashi Zhongguang International Media (Wuhan) Co., Ltd. (華視中廣國際傳媒(武漢)有限責任公司) ("Huashi Media") *(note d, f, h)*	23 February 2011, PRC	RMB21,750,000	100%	Provision of branding, advertising and marketing service
Dabieshan Culture Industry Development (Macheng) Co., Ltd (大別山文化產業發展(麻城)有限公司) ("Dabieshan Culture") *(note d, f, h)*	7 April 2017, PRC	RMB5,000,000	100%	Provision of branding, advertising and marketing service

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	At the date of this report	Principal activities
Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司) ("Huashi Chuangxiang") *(note d, f, h)*	26 December 2012, PRC	RMB5,000,000	100%	Provision of branding, advertising and marketing service
Beijing Wuyuan Fujie International Advertising Co., Ltd (北京無遠弗屆國際廣告有限公司) ("Wuyuan Fujie") *(note d, f, h)*	5 February 2018, PRC	RMB10,000,000	100%	Provision of branding, advertising and marketing service

Notes:

(a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.

(b) All companies comprising the Group have adopted 31 December as their financial year end date.

(c) The equity interest is directly held by the Company at the date of this report.

(d) The equity interest are indirectly held by the Company at the date of this report.

(e) The entity is established in the PRC in the form of wholly foreign-owned enterprise.

(f) The entities are established in the PRC in the form of domestic limited liability company.

(g) The entity is established in the PRC in the form of domestic limited liability company. Pursuant to the Group Reorganisation, the entity became a sino-foreign owned enterprise on 25 March 2021.

(h) The audited statutory financial statements of Huashi Media, Dabieshan Culture, Huashi Chuangxiang and Wuyuan Fujie for the years ended 31 December 2020, 2021 and 2022 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the Enterprises in the PRC and were audited by Wuhan Hengtong Chief Accountants Office ("武漢恒通會計師事務所"), certified public accountants registered in the PRC.

(i) The audited statutory financial statements for the year ended 31 December 2022 were prepared in compliance with the Hong Kong Companies Ordinance and in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by HKICPA, and audited by Wong Wai Lun Certified Public Accountant registered in Hong Kong.

For the purpose of the Historical Financial Information of this report, the directors of the Company have prepared the Underlying Financial Statements in accordance with the basis of presentation set out in Note 2 below and accounting policies set out in Note 4.1 below which conform with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA.

The Historical Financial Information has been prepared from the Underlying Financial Statements, with no adjustments made thereon.

2. REORGANISATION AND BASIS OF PRESENTATION

During the Relevant Period, the [**REDACTED**] Businesses were conducted through Huashi Zhongguang International Media (Wuhan) Company Limited ("Huashi Media"). It was controlled by Mr. Chen Jicheng (the "Controlling Shareholder"). As detailed in the section headed "History, Reorganisation and Corporate Structure" in the document, the Group underwent a reorganisation ("Reorganisation") to optimise its corporate structure in connection with the [**REDACTED**] of the shares of the Company on the Stock Exchange.

The Company was incorporated in the Cayman Islands on 18 February 2021 as an exempted company with limited liability under the Cayman Islands Companies Act. Pursuant to the Reorganisation as detailed 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 18 February 2021. The Company, Huashi International, Huashi HK, Huashi Brand Management and Donghu Brand Research (together, the "Non-operating Companies") are newly incorporated companies as part of the Reorganisation and none of these new holding companies carried out any businesses since their incorporation. The Non-operating Companies are inserted as holding companies of Huashi Media, which have no substance, have not been involved in any business and do not meet the definition of a business. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared based on that of Huashi Media which comprised the Group during the Track Record Period using the predecessor carrying amounts.

For the purpose of this report, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group as if the current structure had been in existence throughout the Relevant Period, or since their respective dates of acquisition or incorporation/establishment, whichever is the shorter period. The consolidated statements of financial position of the Group as at 31 December 2020, 2021, 2022 and 30 April 2023 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values, as if the current structure had been in existence at these dates or since their respective dates of acquisition or incorporation/establishment, whichever is the shorter period. 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 between the consolidating entities.

3. ADOPTION OF NEW OR REVISED HKFRSs

New standards, interpretations and amendments not yet effective

At the date of the report, HKICPA has issued certain new or revised HKFRSs that have been issued but are not yet effective and have not been adopted early by the Group. The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new or amended HKFRSs is provided below.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 16 Leases	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Hong Kong Interpretation 5 (Revised)	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[1]

1 Effective for annual periods beginning on or after 1 January 2024.

2 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with the accounting policies set out below, which conform with the HKFRSs issued by HKICPA. The Historical Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Group and became effective during the Track Record Period. For the purpose of preparing and presenting the historical financial information, the Group has consistently applied the new or revised HKFRSs throughout the Track Record Period.

4.2 Basis of measurement

The Historical Financial Information has been prepared under the historical cost basis.

It should be noted that accounting estimates and assumptions are used in the preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and other factors, actual results may ultimately different from those estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5.

4.3 Functional and presentation currency

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

4.4 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.5 Intangible assets

Intangible assets acquired separately are initially recognised at cost.

Intangible assets with finite useful lives are subsequently amortised over the economic useful 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.

Amortisation is provided on a straight-line basis over their useful lives as follows:

Mobile application	5 years

4.6 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	Over the remaining life of the leases but not exceeding 5 years
Motor vehicles	10 years
Office equipment	3 – 5 years
Broadcasting equipment	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.7 Financial instruments

(a) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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 market place.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(b) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and other financial assets measured at amortised cost. ECLs are measured on either of the following bases: (1) 12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- a breach of contract, such as a default or past due event.

In addition, the Group considers that an event of default occurs when there is a breach of financial covenants by the counterparty; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which loss allowance is recognised in other comprehensive income. The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(c) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable transaction costs incurred.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(d) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Track Record Period. This is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(f) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.8 Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

For contracts where the period between the payment 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.

The method the Group recognises revenue is affected by the role under each particular contract with customers. For contracts where the Group acts as a principal, the Group recognises revenue on a gross basis, while for contracts where the Group acts as an agent, the Group recognises revenue on a net basis. In determining whether the Group is acting as a principal or as an agent in the provision of services, it requires the Group's management's judgements and considerations of all relevant facts and circumstances, including but not limit to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before the specified service has been transferred to a customer or after transfer of control to the customer; and (c) whether the Group has discretion in establishing the prices for the specified service. Specifically, for provision of advertisement placement service, the Group recognises revenue on a net basis.

(i) Provision of branding services

Revenue from provision of branding services is recognised over the service period. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input method recognises revenue on the basis of the Group's effort or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

(ii) Provision of event execution and production service

Revenue from provision of event execution and production services is recognised over service period. The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's effort or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

(iii) Provision of multimedia advertising services

Revenue from provision of integrated multimedia advertising services is recognised on a straight-line basis over the performance period for which the services are rendered, or recognised when the Group fulfilled the specific performance obligation under the finalised contract terms with customers.

Determining whether such revenue of the Group should be recognised as gross or net is based on a continuing assessment of various factors. The Group needs to first identify who controls the services before they are transferred to customers.

The Group is a principal if it obtains control of the services from suppliers that it then transfers to the customer. There are indicators that the Group is a principal, when the Group (i) is primarily obligated in fulfilling to provide the service meeting customer specifications; (ii) is subject to inventory risk; and (iii) has latitude in establishing prices and selecting suppliers.

The Group is an agent if it does not obtain control of the services before it is being transferred to the customer, and recognises revenue earned and costs incurred on a net basis. There are indicators that the Group is an agent, when the Group (i) is arranging the services to be provided by third parties; (ii) has no inventory risks; and (iii) has no discretion in establishing the prices for the specified services to be provided by the suppliers.

(iv) Provision of advertisement placement services

The Group provides advertisement placement services to the Group's advertisers. Media Partners also grant to the Group rebates in cash mainly based on the gross spending of the advertisers.

In these arrangements, the Group (i) is merely responsible for helping advertisers or their agents to arrange the specified services to be transferred by the Media Partner; (ii) has no bearing for inventory risks because the Group does not have ownership of online media advertising resources provided by the Media Partner; and (iii) has no discretion in establishing the prices for the specified services to be provided by the Media Partner. The Group has no control on the specified service before that service is delivered to the advertisers and only act as the agent to help the advertisers or their agents to liaise with the Media Partner which will transfer the services to the advertisers or their agents. The online media platforms of the Media Partner are identified and determined by the advertisers or their agents and the Group has no ownership of the advertisement and has not acquired user traffic from the Media Partner. Instead, the Group helps to liaise with the Media Partner to arrange the advertisement placement on various media platforms of the Media Partner. Therefore the Group recognises revenue earned and costs incurred related to these transactions on a net basis. Under these arrangements, the rebates earned from the Media Partners are recorded as revenue in the consolidated statements of profit or loss.

The Group may offer rebates to customers as part of its incentive activities in some circumstances at its own discretion. When the Group has decided to offer such incentive rebates to its customers, the rebates offered are considered as variable considerations and hence recognised as a deduction of revenue for the period when the related promised services were transferred to the customers.

(v) Interest income

Interest income is recognised on a time-proportion basis using effective interest method.

Contract costs

Other than the costs which are capitalised as inventories, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. Contract assets are subject to impairment assessment using HKFRS 9 simplified approach, details of which are included in the accounting policies for impairment of financial assets.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4.9 Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

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.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payment: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for Covid-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

4.10 Foreign currency translation

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

4.11 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.12 Employee benefits

(a) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

4.13 Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- interest in subsidiaries;
- plant and equipment;
- right-of-use assets and
- intangible assets

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash generating unit).

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the cash generating unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use, (if determinable).

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

4.14 Government grant

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are deducted in reporting the related expense or recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in calculating the carrying amount of the asset that is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense. An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

4.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major services lines.

For the purposes of assessing segment performance and allocating resources between segments, the directors assess segment profit or loss by gross profit or loss as measured in HKFRS financial statements.

For the purpose of presenting geographical location of the Group's revenue from external customers and the Group's non-current assets, country of domicile is determined by reference to the country where the majority of the Company's subsidiaries operate.

4.16 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.17 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term cash commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

4.18 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using effective interest method.

4.19 Related parties

For the purposes of the Historical Financial Information, a party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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 the employees of 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 key management personnel of the entity (or of a parent of the entity).
- (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 Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty are as follows:

(i) Useful lives of plant and equipment and intangible asset

The Group determines the estimated useful lives, and related depreciation and amortisation charges for its plant and equipment and intangible asset. The estimates are based on the historical experience of the actual useful lives of plant and equipment and intangible asset of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated useful lives. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in estimated useful lives and therefore affect the depreciation and amortisation charges in future periods.

(ii) Impairment of financial and contract assets

The impairment of trade and other receivables, and contract assets are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at end of reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial and contract assets and impairment losses in the periods in which such estimate has been changed.

(iii) Income taxes and deferred tax

Significant judgement is required on the interpretation of tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred income tax provisions, where applicable, in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unused tax losses and deductible temporary differences could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(iv) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets 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 such available data as 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.

(v) Determination of revenue recognition on gross or net basis

As disclosed in Note 4.8, the Group provides provision of advertisement placement services and multi media advertising services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs agent assessment. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the Group is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the Group has inventory risk before and after the specified service has been transferred to a customer; and (c) whether the Group has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative and applies judgment when assessing the indicators depending on each different circumstance.

6. REVENUE

Management has determined the operating segments based on the reports reviewed by chief executive officer. The chief executive officer, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the Track Record Period, the Group is principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief executive officer of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC during the Relevant Period.

As at 31 December 2020, 2021, 2022 and 30 April 2023, all of the non-current assets were located in the PRC.

Information about major customers

Revenue from external customers derived from provision of branding, advertising and marketing service and advertisement placement services contributing over 10% to the total revenue of the Group for the years ended 31 December 2020, 2021, 2022 and for the four months ended 30 April 2022 and 2023 were as follows:

	Year ended 31 December			**Four months ended 30 April**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Customer A	17,885	NA*	NA*	NA*	NA*

Revenue from these customers includes customers and its subsidiaries.

* Less than 10% of the total revenue of the Group in the respective years/period

Revenue mainly comprises of provision of branding, advertising and marketing service and advertisement placement services. An analysis of the Group's revenue by category for the years ended 31 December 2020, 2021, 2022 and for the four months ended 30 April 2022 and 2023 were as follows:

	Year ended 31 December			**Four months ended 30 April**	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Revenue from contracts with customers					
Branding services	61,255	74,926	90,502	27,596	28,712
Event execution and production services	15,258	32,432	41,380	10,440	15,613

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Online media advertising services	18,465	46,196	48,145	21,751	12,027
Traditional offline media advertising services	8,466	4,083	2,204	876	–
Provision of advertisement placement services	–	–	16,515	–	13,563
Rebates from Media Partner	–	–	8,421	–	5,099
	103,444	157,637	207,167	60,663	75,014

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Timing of revenue recognition					
Services transferred over time	103,444	157,637	173,346	60,663	46,162
Services transferred at a point in time	–	–	33,821	–	28,852
	103,444	157,637	207,167	60,663	75,014

(a) Assets recognised from incremental costs to obtain a contract

During the Relevant Period, there was no significant incremental costs to obtain a contract.

(b) Details of contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	56	722	4,357	3,001

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. Such liabilities increase as a result of the growth of the Group's business.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period is in relation to contract liabilities.

	Year ended 31 December			Four months ended 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year/period				
– Branding services	2,663	–	457	38
– Event execution and production services	1,138	56	265	589
– Online media advertising services	–	–	–	2,769
– Advertisement placement services	–	–	–	961
	3,801	56	722	4,357

7. OTHER INCOME

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest income	11	372	149	14	139
Government grants *(Note)*	154	100	3	–	211
COVID-19-related rent concessions from lessors	821	–	–	–	–
Input value-added tax surplus deduction	236	482	250	130	2,287
Gain from sales of office supplies	50	–	–	–	–
	1,272	954	402	144	2,637

Note:

Government grants represented the financial support received from local government as an incentive for business development and there are no unfulfilled conditions attached to the government grant.

8. FINANCE COSTS

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on borrowings	110	439	1,281	263	664
Interest on lease liabilities *(Note 17)*	352	254	176	68	40
	462	693	1,457	331	704

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting) the following:

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cost of services provided by suppliers	56,761	94,743	95,552	37,489	24,367
Amortisation of intangible assets *(Note 16)*	–	1,090	1,165	388	388
Depreciation of plant and equipment *(Note 14)*	1,458	2,024	4,504	658	2,509
Depreciation of right-of-use assets – Leased properties *(Note 15)*	1,200	1,204	1,206	396	396
Research costs recognized as an expense	4,684	10,835	17,452	2,135	4,983
Loss on disposal of plant and equipment	7	–	–	–	–
Provision for/(reversal of) expected credit loss on financial and contract assets, net	1,031	(1,362)	5,935	663	3,408
[**REDACTED**]	91	11,389	4,735	1,898	531
Short-term lease expenses	831	1,117	1,141	605	815
Staff costs (including directors' emoluments):					
Salaries and bonus	7,320	9,666	12,363	3,745	5,686
Pension costs, housing funds, medical insurances and other social insurances	779	1,796	2,394	651	975
	8,099	11,462	14,757	4,396	6,661

10. INCOME TAX EXPENSE

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax for the current year/period	4,382	4,139	8,802	1,242	4,882
Deferred tax					
Charged to profit or loss for the year/period *(Note 27)*	976	543	1,149	392	136
	5,358	4,682	9,951	1,634	5,018

Under the Law of the PRC on Enterprise Income Tax ("EIT") and Implementation Regulations of the EIT Law, the tax rate of the Company's PRC subsidiaries is 25%.

Provision for the EIT for the year then ended was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Huashi Media, one of the subsidiaries of the Company, is entitled to a preferential income tax rate of 15% for the years ended 31 December 2020, 2021, 2022 and for the four months ended 30 April 2022 and 2023, as it was awarded high-technology status by tax authority.

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Company is not subject to any income tax in the BVI.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the Relevant Periods.

The income tax expense for the years/period can be reconciled to the profit before income tax expense per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Four months ended 30 April	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before income tax expense	29,679	23,156	55,610	8,968	30,996
Tax calculated at a tax rate of 25%	7,420	5,789	13,902	2,242	7,749
Tax effects of different tax rates applicable to different subsidiaries of the Group	(2,837)	(2,041)	(4,886)	(811)	(3,053)
Tax effect of expenses not deductible for tax purposes	547	703	1,594	88	1,045
Tax effect of income not taxable for tax purposes	(317)	–	–	–	–

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Effect attributable to the additional qualified tax deduction relating to research and development costs	(636)	(485)	(1,912)	(301)	(581)
Tax effect of tax losses not recognised	205	173	109	24	–
Tax effect of other temporary differences recognised	976	543	1,149	392	136
Utilisation of tax losses previously not recognised	–	–	(5)	–	(278)
Income tax expense	5,358	4,682	9,951	1,634	5,018

11. DIVIDEND

On 18 August 2020, Huashi Media declared and paid an aggregate dividend of RMB17,400,000 to its then shareholders.

Save as above, no other dividends has been paid or declared by the Company during the Relevant Period.

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful.

13. DIRECTORS' EMOLUMENTS AND THE FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of directors' emoluments during the Relevant Period are as follows:

	Fee	**Salaries**	**Discretionary bonus**	**Pension costs, housing funds, medical insurances and other social insurances**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2020					
Executive Directors					
Mr. Chen Jicheng	–	165	30	5	200
Ms. Wang Shujin	–	143	26	5	174
Mr. Zhang Bei	–	130	24	5	159
Ms. Xue Yuchun	–	109	24	5	138
	–	547	104	20	671

	Fee	Salaries	Discretionary bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021					
Executive Directors					
Mr. Chen Jicheng	–	222	36	7	265
Ms. Wang Shujin	–	186	30	7	223
Mr. Zhang Bei	–	162	26	7	195
Ms. Xue Yuchun	–	153	52	7	212
	–	723	144	28	895

	Fee	Salaries	Discretionary bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2022					
Executive Directors					
Mr. Chen Jicheng	–	246	40	8	294
Ms. Wang Shujin	–	210	34	8	252
Mr. Zhang Bei	–	173	28	8	209
Ms. Xue Yuchun	–	159	41	8	208
	–	788	143	32	963

	Fee	Salaries	Discretionary bonus	Pension costs, housing funds, medical insurances and other social insurances	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2022 (Unaudited)					
Executive Directors					
Mr. Chen Jicheng	–	81	20	2	103
Ms. Wang Shujin	–	69	17	2	88
Mr. Zhang Bei	–	56	14	2	72
Ms. Xue Yuchun	–	53	13	2	68
	–	259	64	8	331

	Fee	**Salaries**	**Discretionary bonus**	**Pension costs, housing funds, medical insurances and other social insurances**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Four months ended 30 April 2023					
Executive Directors					
Mr. Chen Jicheng	–	84	15	5	104
Ms. Wang Shujin	–	72	13	5	90
Ms. Xue Yuchun	–	59	15	5	79
Mr. Zhang Bei	–	58	11	5	74
	–	273	54	20	347

Notes:

(i) The discretionary bonus was determined on a discretionary basis with reference to the Group's operating results, individuals performance and comparable market statistics.

(ii) No directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Period. No directors waived or agreed to waive any emoluments during the Relevant Period.

(b) The five highest paid individuals

The five highest paid individuals of the Group during the Relevant Period are analysed as follows:

	Year ended 31 December			**Four months ended 30 April**	
	2020	**2021**	**2022**	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals (Unaudited)*	*Number of individuals*
Directors	4	4	4	4	4
Non-directors, the highest paid individuals	1	1	1	1	1
	5	5	5	5	5

Details of the emoluments of the above non-directors, the highest paid individual during the Relevant Period are as follows:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries and bonus	111	180	181	53	49
Pension costs, housing funds, medical insurances and other social insurances	5	13	14	4	5
	116	193	195	57	54

The number of the highest paid non-directors fell within the following emoluments band:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* *(Unaudited)*	*Number of individuals*
Nil to HK$1,000,000	1	1	1	1	1
	1	1	1	1	1

14. PLANT AND EQUIPMENT

	Leasehold improvements	**Motor vehicles**	**Office equipment**	**Broadcasting equipment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At 1 January 2020	1,099	3,547	1,891	–	6,537
Additions	5,600	–	115	–	5,715
Disposals	–	–	(13)	–	(13)
At 31 December 2020 and 1 January 2021	6,699	3,547	1,993	–	12,239
Additions	200	155	322	–	677
At 31 December 2021 and 1 January 2022	6,899	3,702	2,315	–	12,916
Additions	3,660	3,599	1,241	7,351	15,851

	Leasehold improvements *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Broadcasting equipment *RMB'000*	Total *RMB'000*
At 31 December 2022 and 1 January 2023	10,559	7,301	3,556	7,351	28,767
Additions	–	–	–	–	–
At 30 April 2023	10,559	7,301	3,556	7,351	28,767
ACCUMULATED DEPRECIATION					
At 1 January 2020	528	1,466	835	–	2,829
Depreciation	779	337	342	–	1,458
Disposals	–	–	(6)	–	(6)
At 31 December 2020 and 1 January 2021	1,307	1,803	1,171	–	4,281
Depreciation	1,337	342	345	–	2,024
At 31 December 2021 and 1 January 2022	2,644	2,145	1,516	–	6,305
Depreciation	2,531	510	533	930	4,504
At 31 December 2022 and 1 January 2023	5,175	2,655	2,049	930	10,809
Depreciation	1,631	231	181	466	2,509
At 30 April 2023	6,806	2,886	2,230	1,396	13,318
NET BOOK VALUE					
At 31 December 2020	5,392	1,744	822	–	7,958
At 31 December 2021	4,255	1,557	799	–	6,611
At 31 December 2022	5,384	4,646	1,507	6,421	17,958
At 30 April 2023	3,753	4,415	1,326	5,955	15,449

The above items of plant and equipment are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual values.

At 31 December 2020, 2021, 2022 and 30 April 2023, no plant and equipment was pledged.

15. RIGHT-OF-USE ASSETS

	Leased properties
	RMB'000
At 1 January 2020	5,387
Depreciation charge	(1,200)
At 31 December 2020 and 1 January 2021	4,187
Addition	27
Depreciation charge	(1,204)
At 31 December 2021 and 1 January 2022	3,010
Depreciation charge	(1,206)
At 31 December 2022 and 1 January 2023	1,804
Depreciation charge	(396)
At 30 April 2023	1,408

16. INTANGIBLE ASSETS

	Mobile application
	RMB'000
Cost	
At 1 January 2020	–
Additions – externally acquired	5,824
At 31 December 2020, 2021, 2022 and 30 April 2023	5,824
Accumulated amortisation	
At 1 January, 31 December 2020 and 1 January 2021	–
Amortisation	1,090
At 31 December 2021 and 1 January 2022	1,090
Amortisation	1,165
At 31 December 2022 and 1 January 2023	2,255
Amortisation	388
At 30 April 2023	2,643
NET BOOK VALUE	
At 31 December 2020	5,824
At 31 December 2021	4,734
At 31 December 2022	3,569
At 30 April 2023	3,181

17. LEASE LIABILITIES

	Leased properties
	RMB'000
At 1 January 2020	7,303
Accretion of interest recognised during the year	352
COVID-19-related rent concessions from lessor	(821)
Payments	(856)
At 31 December 2020 and 1 January 2021	5,978
Commencement of lease	27
Accretion of interest recognised during the year	254
Payments	(1,753)
At 31 December 2021 and 1 January 2022	4,506
Accretion of interest recognised during the year	176
Payments	(1,842)
At 31 December 2022 and 1 January 2023	2,840
Accretion of interest recognised during the period	40
Payments	(942)
At 30 April 2023	1,938

Future lease payments are due as follows:

	As at 31 December 2020		
	Future lease payments	Interest	Present value
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	1,746	253	1,493
Later than one year and not later than two years	1,833	176	1,657
Later than two years and not later than five years	2,929	101	2,828
	6,508	530	5,978

	As at 31 December 2021		
	Future lease payments	Interest	Present value
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	1,843	177	1,666
Later than one year and not later than two years	1,935	91	1,844
Later than two years and not later than five years	1,006	10	996
	4,784	278	4,506

	As at 31 December 2022		
	Future lease payments	**Interest**	**Present value**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	1,935	91	1,844
Later than one year and not later than two years	1,006	10	996
	2,941	101	2,840

	As at 30 April 2023		
	Future lease payments	**Interest**	**Present value**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	1,982	61	1,921
Later than one year and not later than two years	17	–	17
	1,999	61	1,938

The present value of future lease payments are analysed as:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities	1,493	1,666	1,844	1,921
Non-current liabilities	4,485	2,840	996	17
	5,978	4,506	2,840	1,938

18. PREPAYMENTS

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for an intangible asset	–	6,000	9,000	4,500
	–	6,000	9,000	4,500

19. CONTRACT ASSETS

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets arising from:				
– Providing services	328	196	2,503	683
Less: allowance for impairment loss on contract assets	(40)	(17)	(184)	(48)
	288	179	2,319	635

Typical payment terms which impact on the amount of contract assets recognised are as follows:

Revenue earned from the services is initially recognised as contract asset as the receipt of consideration are conditional. Upon completion of services and acceptance by the customer, the amounts become unconditional and are reclassified to trade receivables. All of the contract assets are expected to be recovered within one year.

Further details on the Group's credit policy and credit risk analysis on contract assets set out in Note 35(b).

20. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	26,171	35,201	110,756	173,393
Less: allowance for impairment loss on trade receivables	(3,199)	(3,161)	(8,154)	(12,047)
	22,972	32,040	102,602	161,346

As at 31 December 2020, 2021, 2022 and 30 April 2023, the trade receivables was denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

As at 31 December 2020, 2021, 2022 and 30 April 2023, the ageing analysis of the trade receivables based on due date were as follows:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Not past due	22,970	31,988	102,554	161,203
Within 90 days	–	–	48	130
91 – 180 days	2	–	–	4
181 – 365 days	–	52	–	9
Over 1 year	–	–	–	–
	22,972	32,040	102,602	161,346

As at 31 December 2020, 2021, 2022 and 30 April 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	22,970	31,988	102,554	161,203
91 – 180 days	–	–	48	130
181 – 365 days	2	52	–	13
Over 1 year	–	–	–	–
	22,972	32,040	102,602	161,346

Further details on the Group's credit policy and credit risk analysis on trade receivables are set out in Note 35(b).

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Deposits and other receivables *(Note)*	20,630	626	433	233
Deposits paid on behalf of customers	–	–	6,014	8,064
Deposits to supplier	–	–	9,409	6,436
Less: allowance for impairment loss on deposit and other receivables	(1,278)	(129)	(904)	(555)
	19,352	497	14,952	14,178
VAT receivables	2	360	41	–
Prepayments	2,939	4,634	5,593	6,796
	22,293	5,491	20,586	20,974

Note: Included in the Group's deposits and other receivables are unsecured fixed rate 4.35% loan receivables from third party of RMB20,000,000 which is recoverable within one year of RMB20,000,000 as at 31 December 2020. The loan receivables has been fully settled on 1 April 2021.

Further details on the Group's credit policy and credit risk analysis on deposits and other receivables are set out in Note 35(b).

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balance with banks. RMB is not freely convertible to other currencies as such amounts were held by the subsidiaries located in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies only through banks that are authorised to conduct foreign exchange business.

23. AMOUNTS DUE FROM A SHAREHOLDER/A NON-CONTROLLING INTERESTS SHAREHOLDER/ A SUBSIDIARY

The Group and the Company

Particulars of the amounts due from shareholders/a non-controlling interests shareholder:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from shareholders:				
Chen Jicheng	–	248	248	248
Nie Xing	–	19	19	19
Wang Shujin	–	21	21	21
Hu Youyi	–	16	16	16
Xue Yuchun	–	3	3	3
	–	307	307	307
Amounts due from a non-controlling interests shareholder:				
Zhao Yulu	2,000	–	–	–
Less: allowance for impairment loss on amount due from a non-controlling interests shareholder	(152)	–	–	–
	1,848	–	–	–
Maximum balance outstanding:				
– During the year ended 31 December/four months ended 30 April				
Chen Jicheng	41,780	248	248	248
Zhao Yulu	2,000	–	2,000	–
Nie Xing	–	19	19	19
Wang Shujin	–	21	21	21
Hu Youyi	–	16	16	16
Xue Yuchun	–	3	3	3

The amounts due from shareholders are non-trade in nature, unsecured, interest-free and repayable on demand. The amount will be settled prior to [**REDACTED**].

The amounts due from a non-controlling interests shareholder is non-trade in nature, unsecured, interest-free and has been fully settled in January 2021.

The amount due from a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

Further details on the Group's credit policy and credit risk analysis on amounts due from shareholders/a non-controlling interests shareholder are set out in Note 35(b).

24. TRADE PAYABLES

As at 31 December 2020, 2021, 2022 and 30 April 2023, the ageing analysis of the trade payables based on services received were as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	53	9,303	3,615	51,176
31 – 60 days	1,889	1,336	3,963	13,441
61 – 90 days	2,162	139	69	–
Over 90 days	4,409	25	261	229
	8,513	10,803	7,908	64,846

25. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals and other payables	710	4,311	3,676	7,470
Other tax payables	245	11	66	406
Salaries payables	1,791	2,797	3,464	2,399
	2,746	7,119	7,206	10,275

26. BORROWINGS

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other loans – guaranteed (Note i)	–	6,750	25,037	27,950
Bank loans – secured and guaranteed (Note ii)	4,200	4,200	9,000	8,000
Bank loans – unsecured and unguaranteed (Note iii)	1,000	3,239	3,906	–
	5,200	14,189	37,943	35,950

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):				
– Within 1 year	5,200	10,789	37,224	35,950
– More than 1 year, but not exceeding 2 years	–	3,400	719	–
	5,200	14,189	37,943	35,950
Less: Portion due on demand or within one year under current liabilities	(5,200)	(10,789)	(37,224)	(35,950)
Portion due over one year under non-current liabilities	–	3,400	719	–

Notes:

(i) On 31 May 2021, a loan amounted to RMB5,000,000 was borrowed from Hubei Macheng Rural Commercial Bank Corporation Limited and bore interest charges at 5.70% per annum, of which RMB250,000 was repaid on 27 November 2021 and the remaining balance of RMB4,750,000 was repaid on 26 May 2022. The loan was guaranteed by a guarantee company.

On 15 December 2021, a loan amounted to RMB2,000,000 was borrowed from Agricultural Bank of China and bore interest charges at 4.00% per annum. The loan was fully repaid on 14 December 2022. The loan was guaranteed by a guarantee company and a Controlling Shareholder.

On 22 February 2022, a loan amounted to RMB2,000,000 was borrowed from China Citic Bank and bore interest charges at 5.50% per annum. The loan was fully repaid on 6 March 2023. The loan was guaranteed by a Controlling Shareholder.

On 29 April 2022, a loan amounted to RMB3,000,000 was borrowed from Wuhan Rural Commercial Bank and bore interest charges at 4.50% per annum. The loan was fully repaid on 24 April 2023. The loan was guaranteed by a Controlling Shareholder.

On 25 May 2022, a loan amounted to RMB790,000 was borrowed from Huaneng Guicheng Trust Corporation Ltd. and bore interest charges at 12.96% per annum, with total of twenty-four equal instalments of RMB32,916.67 each and eight equal instalments were repaid on 25 June 2022, 25 July 2022, 25 August 2022, 25 September 2022, 25 October 2022, 25 November 2022, 25 December 2022 and 25 January 2023 respectively and the remaining balance of RMB526,666.64 was fully repaid on 15 February 2023. The loan was guaranteed by a Controlling Shareholder.

On 25 May 2022, a loan amounted to RMB380,000 was borrowed from Huaneng Guicheng Trust Corporation Ltd. and bore interest charges at 10.80% per annum, with total of twenty-four equal instalments of RMB15,833.33 each and eight equal instalments were repaid on 17 June 2022, 17 July 2022, 17 August 2022, 17 September 2022, 17 October 2022, 17 November 2022, 17 December 2022 and 17 January 2023 respectively and the remaining balance of RMB253,333.36 was fully repaid on 17 February 2023. The loan was guaranteed by a Controlling Shareholder.

On 31 May 2022, a loan amounted to RMB5,000,000 was borrowed from Hubei Macheng Rural Commercial Bank Corporation Limited and bore interest charges at 5.70% per annum. The loan was guaranteed by a guarantee company.

On 1 June 2022, a loan amounted to RMB1,000,700 was borrowed from WeBank Co., Ltd. and bore interest charges at 12.96% per annum, with total of twenty-four equal instalments of RMB41,695.83 each and eight equal instalments were repaid on 25 June 2022, 25 July 2022, 25 August 2022, 25 September 2022, 25 October 2022, 25 November 2022, 25 December 2022 and 25 January 2023 respectively and the remaining balance of RMB672,176.89 was fully repaid on 15 February 2023. The loan was guaranteed by a Controlling Shareholder.

On 28 September 2022, a loan amounted to RMB3,000,000 was borrowed from Wuhan Rural Commercial Bank and bore interest charges at 5.15% per annum. The loan was guaranteed by a guarantee company and a Controlling Shareholder.

On 9 October 2022, a loan amounted to RMB6,000,000 was borrowed from China Merchants Bank Co., Ltd. and bore interest charges at 4.35% per annum. The loan was fully repaid on 6 April 2023. The loan was guaranteed by a Controlling Shareholder.

On 28 December 2022, a loan amounted to RMB2,500,000 was borrowed from China Merchants Bank Co., Ltd. and bore interest charges at 4.35% per annum. The loan was fully repaid on 31 March 2023. The loan was guaranteed by a Controlling Shareholder.

On 31 December 2022, a loan amounted to RMB2,000,000 was borrowed from Agricultural Bank of China and bore interest charges at 4.00% per annum. The loan was guaranteed by a guarantee company and a Controlling Shareholder.

On 12 January 2023, a loan amounted to RMB4,000,000 was borrowed from Wuhan Rural Commercial Bank and bore interest charges at 4.65% per annum. The loan was guaranteed by a Controlling Shareholder.

On 26 April 2023, a loan amounted to RMB2,950,000 was borrowed from Agricultural Bank of China and bore interest charges at 4.65% per annum. The loan was guaranteed by a Controlling Shareholder.

On 19 April 2023, a loan amounted to RMB6,000,000 was borrowed from China Merchants Bank Co., Ltd. and bore interest charges at 4.35% per annum. The loan was guaranteed by a Controlling Shareholder.

On 20 March 2023, a loan amounted to RMB5,000,000 was borrowed from Wuhan Rural Commercial Bank and bore interest charges at 4.50% per annum. The loan was guaranteed by a Controlling Shareholder and a subsidiary of the Group.

(ii) On 24 August 2020, a loan amounted to RMB4,400,000 was borrowed from Hubei Bank Corporation Limited and bore interest charges at 4.35% per annum, which three equal instalments of RMB200,000 each was repaid on 20 November 2020, 20 February 2021 and 20 May 2021 respectively and the remaining balance of RMB3,800,000 was repaid on 24 August 2021. The loan was secured by the personal properties owned by a Controlling Shareholder and a related person and guaranteed by a Controlling Shareholder, a related person and an Independent Third Party.

On 31 August 2021, a loan amounted to RMB4,400,000 was borrowed from Hubei Bank Corporation Limited and bore interest charges at 5.60% per annum, of which RMB200,000 was repaid on 30 November 2021. The three equal instalments of RMB100,000 each repaid on 20 February 2022, 20 May 2022 and 20 August 2022 respectively and the remaining balance of RMB3,900,000 repaid on 1 September 2022. The loan was secured by the personal properties owned by a Controlling Shareholder and a related person and guaranteed by a Controlling Shareholder, a related person and an Independent Third Party.

On 1 September 2022, a loan amounted to RMB10,000,000 was borrowed from Hubei Bank Corporation Limited and bore interest charges at 6.40% per annum, of which RMB1,000,000 was repaid on 20 November 2022 and 20 February 2023 respectively. The loan was secured by the equity of the subsidiary owned by the Controlling Company, personal properties owned by a Controlling Shareholder and two related persons and guaranteed by a Controlling Shareholder and subsidiaries of the Group.

(iii) On 9 July 2020, a loan amounted to RMB1,000,000 was borrowed from China Construction Bank Corporation and bore interest charges at 4.16% per annum. The loan was fully repaid on 8 July 2021.

On 9 July 2021, a loan amounted to RMB3,239,000 was borrowed from China Construction Bank Corporation and bore interest charges at 4.05% per annum. The loan was fully repaid on 7 April 2023.

On 2 August 2022, a loan amounted to RMB800,000 was borrowed from Jiangsu Suning Bank Co., Ltd. and bore interest charges at 18.00% per annum, with total of twenty-four equal instalments of RMB33,333.33 each and four equal instalments were repaid on 15 September 2022, 16 October 2022, 15 November 2022, 15 December 2022 and 15 January 2023 respectively and the remaining balance of RMB33,333.35 was repaid on 15 February 2023.

(iv) The effective interest rate of the borrowings is 4.32%, 4.64%, 5.26% and 4.83% during 31 December 2020, 2021, 2022 and the period ended 30 April 2023, respectively.

(v) The relevant banks will release the above guarantees and security provided by a Controlling Shareholder, and replace them with corporate guarantees or replacement security given by one or more members of the Group prior to the [**REDACTED**].

27. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements during the Relevant Period is as follows:

Deferred tax assets

	Temporary difference arising from lease liabilities *RMB'000*	Impairment loss on financial assets *RMB'000*	Other temporary differences *RMB'000*	Total *RMB'000*
At 1 January 2020	1,095	721	100	1,916
(Charged)/Credited to profit or loss for the year	(199)	1	(97)	(295)
At 31 December 2020 and 1 January 2021	896	722	3	1,621
(Charged)/Credited to profit or loss for the year	(211)	(215)	384	(42)
At 31 December 2021 and 1 January 2022	685	507	387	1,579
(Charged)/Credited to profit or loss for the year	(234)	877	(304)	339
At 31 December 2022 and 1 January 2023	451	1,384	83	1,918
(Charged)/Credited to profit or loss for the period	(83)	511	193	621
At 30 April 2023	368	1,895	276	2,539

Deferred tax liabilities

	Temporary difference arising from right-of-use assets	Withholding tax of undistributed profits	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	808	1,200	2,008
Charged to profit or loss for the year	(180)	861	681
At 31 December 2020 and 1 January 2021	628	2,061	2,689
Charged to profit or loss for the year	(180)	681	501
At 31 December 2021 and 1 January 2022	448	2,742	3,190
Charged to profit or loss for the year	(179)	1,667	1,488
At 31 December 2022 and 1 January 2023	269	4,409	4,678
Charged to profit or loss for the period	(59)	816	757
At 30 April 2023	210	5,225	5,435

As at 31 December 2020, 2021, 2022 and 30 April 2023, the Group had unused tax losses of approximately RMB1,693,000, RMB1,511,000, RMB1,615,000 and RMB1,827,000 respectively, available to offset against future profit. No deferred tax asset has been recognised in respect of those tax losses due to the unpredictability of future profit streams.

For the purpose of presentation in statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	993	1,131	1,649	2,329
Deferred tax liabilities	(2,061)	(2,742)	(4,409)	(5,225)
	(1,068)	(1,611)	(2,760)	(2,896)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

28. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Non-cash transactions

Wuyuan Fujie was established in the PRC on 5 February 2018 with an initial registered capital of RMB10,000,000. On the date of its establishment, Wuyuan Fujie was owned by Huashi Media and Zhao Yulu, an Independent Third Party, as to 80% and 20% respectively. The amount due from a non-controlling interest's shareholder represented the unpaid share capital of RMB2,000,000.

On 6 January 2021, Huashi Media and Mr. Zhao Yulu entered into an equity transfer agreement, pursuant to which Mr. Zhao Yulu transferred 20% equity interest in Wuyuan Fujie to Huashi Media at nil consideration, given that Mr. Zhao Yulu had not paid up the registered capital in respect of his interest at the time of the equity transfer, the amount due from a non-controlling interests shareholder of RMB2,000,000 which represented the registered capital of 20% equity interest in Wuyuan Fujie is offsetted accordingly.

(b) Reconciliation of liabilities arising from financing activities

	Borrowings	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2020	1,078	7,303	8,381
Changes from financing cash flows:			
Proceeds from borrowings	5,400	–	5,400
Repayment of borrowings	(1,278)	–	(1,278)
Payment of loan interests	(110)	–	(110)
Lease payments	–	(856)	(856)
	4,012	(856)	3,156
Other changes:			
Interest expenses	110	352	462
COVID-19-related rent concessions from lessors	–	(821)	(821)
At 31 December 2020 and 1 January 2021	5,200	5,978	11,178
Changes from financing cash flows:			
Proceeds from borrowings	14,639	–	14,639
Repayment of borrowings	(5,650)	–	(5,650)
Payment of loan interests	(439)	–	(439)
Lease payments	–	(1,753)	(1,753)
	8,550	(1,753)	6,797
Other changes:			
Commencement of lease	–	27	27
Interest expenses	439	254	693
At 31 December 2021 and 1 January 2022	14,189	4,506	18,695
Changes from financing cash flows:			
Proceeds from borrowings	37,990	–	37,990
Repayment of borrowings	(14,236)	–	(14,236)
Payment of loan interests	(1,281)	–	(1,281)
Lease payments	–	(1,842)	(1,842)
	22,473	(1,842)	20,631
Other changes:			
Interest expenses	1,281	176	1,457

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
At 31 December 2022 and 1 January 2023	37,943	2,840	40,783
Changes from financing cash flows:			
Proceeds from borrowings	17,950	–	17,950
Repayment of borrowings	(19,943)	–	(19,943)
Payment of loan interests	(664)	–	(664)
Lease payments	–	(942)	(942)
	(2,657)	(942)	(3,599)
Other changes:			
Interest expenses	664	40	704
At 30 April 2023	35,950	1,938	37,888
At 31 December 2021 and 1 January 2022	14,189	4,506	18,695
Changes from financing cash flows:			
Proceeds from borrowings	6,520	–	6,520
Repayment of borrowings	(1,620)	–	(1,620)
Payment of loan interests	(263)	–	(263)
Lease payments	–	(898)	(898)
	4,637	(898)	3,739
Other changes:			
Interest expenses	263	68	331
At 30 April 2022 (Unaudited)	19,089	3,676	22,765

29. SHARE CAPITAL AND RESERVES

(a) Share capital

	Notes	Number	Amount *US$'000*	Amount *RMB'000*
Authorised				
At 18 February 2021 (the date of incorporation)	*(i)*	50,000	50	322
Subdivision of share capital	*(iii)*	950,000	–	–
At 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 April 2023		1,000,000	50	322
Issued and fully paid				
At 18 February 2021 (the date of incorporation)	*(i)*	20,771	21	135
Subdivision of share capital	*(iii)*	394,649	–	–
Issue of shares	*(iv)*	584,580	29	187
At 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 April 2023		1,000,000	50	322

Notes:

(i) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each. On the same day, 16,720 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares were allotted and issued to Mr. Chen Jicheng ("Mr. Chen"), Ms. Wang Shujin ("Ms. Wang"), Mr. Nie Xing ("Mr. Nie"), Mr. Hu Youyi ("Mr. Hu") and Ms. Xue Yuchun ("Ms. Xue") respectively.

(ii) On 25 April 2021, Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred 16,720 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares in the Company to JaiYi Culture Media Limited ("JaiYi Culture"), Yuanjin Culture Media Company Limited ("Yuanjin Culture"), Youxin Capital Company Limited ("Youxin Capital"), Zhong Lun Culture Company Limited ("Zhong Lun Culture") and Hubei Jiaying Culture Media Company Limited ("Hubei Jiaying Culture") respectively. Upon completion of the said transfers, the Company was owned by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture as to approximately 80.5%, 6.9%, 6.3%, 5.2% and 1.1% respectively.

(iii) On 7 June 2021, the issued and unissued shares of US$1.00 each in the share capital of the Company were subdivided into 20 Shares of US$0.05 each, such that the authorised share capital of the Company be subdivided from US$50,000.00 divided into 50,000 ordinary shares of US$1.00 each to US$50,000.00 divided into 1,000,000 Shares of US$0.05 each;

(iv) On 7 June 2021, the Company allotted and issued 434,336 shares, 37,407 shares, 33,900 shares, 28,211 shares and 5,715 Shares to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively at par value. On the same day, the Company and Mr. Shen entered into a subscription agreement, pursuant to which the Company allotted and issued 45,011 Shares to Mr. Shen at the consideration of RMB979,000.

(b) Reserves

The amounts of the Group's reserves and the movements therein for the year/period are presented in the consolidated statement of changes in equity on page I-9 of this report.

The Company

	Capital reserves *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*
Balance at 18 February 2021 (the date of incorporation)	–	–	–
Issue of share capital	965	–	965
Balance at 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023 and 30 April 2023	965	–	965

30. NON-CONTROLLING INTERESTS

"Wuyuan Fujie", an 80% owned subsidiary of the Company from 5 February 2018 to 5 January 2021, has non-controlling interests ("NCI").

Summarised financial information in relation to the NCI of "Wuyuan Fujie" is presented below:

	Year ended 31 December			Four months ended 30 April	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Revenue	709	69	–	–	–
(Loss)/profit for the year/period	465	174	–	–	–
(Loss)/profit allocated to NCI	93	–	–	–	–
Dividends paid to NCI	–	–	–	–	–
Cash flows (used in)/generated from operating activities	5	(5)	–	–	–
Net cash (outflows)/inflows	5	(5)	–	–	–

	As at 31 December 2020
	RMB'000
Current assets	8,849
Non-current assets	44
Current liabilities	–
Non-current liabilities	–
Net assets	8,893
Accumulated non-controlling interests	1,778

On 6 January 2021, Huashi Media and Mr. Zhao Yulu entered into an equity transfer agreement, pursuant to which Mr. Zhao Yulu transferred 20% equity interest in Wuyuan Fujie to Huashi Media at nil consideration, given that Mr. Zhao Yulu had not paid up the registered capital in respect of his interest at the time of the equity transfer, the amount due from a non-controlling interests shareholder of RMB2,000,000 which represented the registered capital of 20% equity interest in Wuyuan Fujie is offsetted accordingly.

The transaction has been accounted for as an equity transaction with the non-controlling interests as follows:

	RMB'000
Consideration payable for 20% ownership interest	2,000
Net assets attributable to 20% ownership interest	1,778
Decrease in equity attributable to owners of the Company (included in retained earnings)	222

31. RELATED PARTIES TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in Note 13 respectively.

Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year/period.

32. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as at 31 December 2020, 2021, 2022 and 30 April 2023 amounted to approximately RMB52,458,000, RMB48,469,000, RMB94,128,000 and RMB120,668,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

The Group monitors capital using the debt/asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	78,434	89,706	162,668	245,993
Total liabilities	25,976	41,237	68,540	125,887
Debt/asset ratio	33.1%	46.0%	42.1%	51.2%

33. CAPITAL COMMITMENTS

As at 31 December 2020, 2021, 2022 and 30 April 2023, capital commitments not provided for in the consolidated financial statements were as follows:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure of the Group contracted for but not provided in the Historical Financial Information in respect of:				
– acquisition of intangible assets	–	14,000	11,000	15,500

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost				
Trade and other receivables	42,324	32,537	117,554	175,524
Cash and cash equivalents	12,071	30,203	2,874	35,864
Amount due from shareholders	–	307	307	307
Amount due from a non-controlling interests shareholder	1,848	–	–	–
Financial liabilities				
Financial liabilities at amortised cost				
Trade payables	8,513	10,803	7,908	64,846
Accruals and other payables	2,501	7,108	7,140	9,869
Borrowings	5,200	14,189	37,943	35,950
Lease liabilities	5,978	4,506	2,840	1,938

35. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, credit risk, liquidity risk and currency risk.

Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks in timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

(a) Interest rate risk

The Group's fair value interest-rate risk mainly arises from other receivables and borrowings as disclosed in notes 21 and 26 to the Historical Financial Information. Other receivables and Borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's other receivables and borrowings are disclosed in notes 21 and 26 to the Historical Financial Information.

(b) Credit risk

The Group is exposed to credit risk in relation to its contract assets, trade receivables, other receivables, cash deposits at banks, amount due from shareholders and amount due from a non-controlling interests shareholder. The carrying amounts of these assets represent the Group's maximum exposure to credit risk.

Cash and cash equivalents and deposits with banks are normally placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In order to minimise the credit risk, the Group adopts prudent credit control procedures, regularly monitor settlement of trade receivables and other monitoring procedures to ensure that follow-up action are taken to recover overdue debts. The credit period granted to customers are generally determined with reference to, among others, the financial position, credit record, duration of business relationship and the types of services the Group provide. Credit and payment terms may vary for different customers and projects. The Group generally issue invoices to customers after providing branding, advertising, event execution and production services and/or provision of advertisement placement services according to the contracts.

As at 31 December 2020, 2021, 2022 and 30 April 2023, the Group had certain concentrations of credit risk as 17.6%, 4.7%, 30.0% and 12.9%, of the Group's trade receivables were due from the Group's largest customer respectively and 49.3%, 26.5%, 34.6% and 18.6%, of the Group's trade receivables were due from the Group's five largest customers respectively. In order to minimise the credit risk, the Group continuously monitor the level of exposure by frequent review of credit quality of customers to ensure that prompt actions will be taken to lower the exposure.

As at 31 December 2020, 2021, 2022 and 30 April 2023, the Group applies the simplified approach to provide for expected losses on contract assets and trade receivables as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision. The Group applies the general approach to provide for expected credit losses on other financial assets as prescribed by HKFRS 9, which was measured either as 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

(i) Contract assets

As at 31 December 2020, 2021, 2022 and 30 April 2023, the loss allowance provision for contract assets was determined as follows. The expected credit losses below also incorporated forward looking information.

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	12.2%	8.7%	7.4%	7.0%
Gross carrying amount				
– Not past due	328	196	2,503	683
Loss allowance provision	40	17	184	48

(ii) Trade receivables

As at 31 December 2020, 2021, 2022 and 30 April 2023, the loss allowance provision for trade receivables and rebates from Media Partner was determined as follows. The expected credit losses below also incorporated forward looking information.

Trade receivables

	Not past due	**Within 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 1 year**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020						
Expected loss rate	12.2%	–	86.8%	–	–	–
Gross carrying amount	26,153	–	18	–	–	26,171
Loss allowance provision	3,183	–	16	–	–	3,199
At 31 December 2021						
Expected loss rate	8.7%	–	–	66.7%	–	–
Gross carrying amount	35,045	–	–	156	–	35,201
Loss allowance provision	3,057	–	–	104	–	3,161

	Not past due	Within 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022						
Expected loss rate	7.5%	7.7%	–	–	–	–
Gross carrying amount	105,232	52	–	–	–	105,284
Loss allowance provision	7,902	4	–	–	–	7,906
At 30 April 2023						
Expected loss rate	7.0%	7.1%	75.0%	76.3%	–	–
Gross carrying amount	170,238	140	16	38	–	170,432
Loss allowance provision	11,962	10	12	29	–	12,013

Rebates from Media Partner

	Not past due	Within 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022						
Expected loss rate	4.5%	–	–	–	–	–
Gross carrying amount	5,472	–	–	–	–	5,472
Loss allowance provision	248	–	–	–	–	248
At 30 April 2023						
Expected loss rate	1.1%	–	–	–	–	–
Gross carrying amount	2,961	–	–	–	–	2,961
Loss allowance provision	34	–	–	–	–	34

Expected loss rate are based on actual loss experience over the past 3 years. These rates are adjusted to reflected differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(iii) Deposit and other receivables

As at 31 December 2020, 2021, 2022 and 30 April 2023, the loss allowance provision for deposits and other receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	As at 31 December			As at 30 April
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	6.2%	20.5%	5.7%	3.8%
Gross carrying amount	20,630	626	15,856	14,733
Loss allowance provision	1,278	129	904	555

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the differences between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. Please refer to the paragraph headed "Financial Information – Allowance for impairment loss on deposits and other receivables" in this document for more details.

(iv) Amounts due from a non-controlling interests shareholder

As at 31 December 2020, 2021, 2022 and 30 April 2023, the loss allowance provision for amounts due from a non-controlling interests shareholder was determined as follows. The expected credit losses below also incorporated forward looking information.

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	7.6%	–	–	–
Gross carrying amount	2,000	–	–	–
Loss allowance provision	152	–	–	–

(v) Other financial assets at amortised cost

Cash and cash equivalents is subjected to the impairment requirements of HKFRS 9. The identified impairment loss was immaterial since they are placed at financial institutions with good credit rating.

For amounts due from shareholders which are considered to have low credit risk, the measurement of loss allowance was therefore based on 12 months ECLs. Management considered as low credit risk since they have a low risk of default. No impairment loss is recognised during the Relevant Periods.

The following tables show reconciliation of loss allowances that has been recognised for contract assets applying simplified approach.

	Lifetime expected credit losses	**Total**
	RMB'000	*RMB'000*
At 1 January 2020	36	36
Impairment losses recognised, net	4	4
At 31 December 2020 and 1 January 2021	40	40
Reversal of provision during the year	(23)	(23)
At 31 December 2021 and 1 January 2022	17	17
Impairment losses recognised, net	167	167
At 31 December 2022 and 1 January 2023	184	184
Reversal of provision during the period	(136)	(136)
At 30 April 2023	48	48

The following table shows the movement in lifetime expected credit losses that has been recognised for trade receivables applying simplified approach.

	Lifetime expected credit losses *RMB'000*	Total *RMB'000*
At 1 January 2020	3,191	3,191
Impairment losses recognised, net	8	8
At 31 December 2020 and 1 January 2021	3,199	3,199
Reversal of provision during the year	(38)	(38)
At 31 December 2021 and 1 January 2022	3,161	3,161
Impairment losses recognised, net	4,993	4,993
At 31 December 2022 and 1 January 2023	8,154	8,154
Impairment losses recognised, net	3,893	3,893
At 30 April 2023	12,047	12,047

The following tables shows reconciliation of loss allowances that has been recognised for deposits and other receivables.

	Stage 1 12-month expected credit losses *RMB'000*	Stage 2 Lifetime expected credit losses- not credit-impaired *RMB'000*	Stage 3 Lifetime expected credit losses- credit-impaired *RMB'000*	Total *RMB'000*
At 1 January 2020	72	–	–	72
– Impairment losses recognised, net	1,206	–	–	1,206
At 31 December 2020 and 1 January 2021	1,278	–	–	1,278
– Reversal of provision during the year	(1,149)	–	–	(1,149)
At 31 December 2021 and 1 January 2022	129	–	–	129
– Impairment losses recognised, net	775	–	–	775
At 31 December 2022 and 1 January 2023	904	–	–	904
– Reversal of provision during the period	(349)	–	–	(349)
At 30 April 2023	555	–	–	555

The following tables show reconciliation of loss allowances that has been recognised for amounts due from a non-controlling shareholder.

	Stage 1 12-month expected credit losses *RMB'000*	**Stage 2** Lifetime expected credit losses-not credit-impaired *RMB'000*	**Stage 3** Lifetime expected credit losses-credit-impaired *RMB'000*	**Total** *RMB'000*
At 1 January 2020	339	–	–	339
– Reversal of provision during the year	(187)	–	–	(187)
At 31 December 2020 and 1 January 2021	152	–	–	152
– Reversal of provision during the year	(152)	–	–	(152)
At 31 December 2021, 1 January 2022, 31 December 2022, 1 January 2023, and 30 April 2023	–	–	–	–

As at 31 December 2020, 2021, 2022 and 30 April 2023, the gross carrying amount of contract assets, trade receivables, other receivables, amount due from shareholders and amount due from a non-controlling interests shareholder was RMB49,129,000, RMB36,023,000, RMB129,422,000 and RMB189,116,000 thus the maximum exposure to loss was RMB42,612,000, RMB32,716,000, RMB120,180,000 and RMB176,466,000 respectively.

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

(c) Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount *RMB'000*	**Total contractual undiscounted cash flows** *RMB'000*	**Within one year or on demand** *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*
As at 31 December 2020						
Trade payables	8,513	8,513	8,505	8	–	–
Accruals and other payables	2,501	2,501	2,501	–	–	–
Borrowings	5,200	5,340	5,340	–	–	–
	16,214	16,354	16,346	8	–	–

	Carrying amount	Total contractual undiscounted cash flows	Within one year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2021						
Trade payables	10,803	10,803	10,795	8	–	–
Accruals and other payables	7,108	7,108	7,108	–	–	–
Borrowings	14,189	14,810	11,284	3,526	–	–
	32,100	32,721	29,187	3,534	–	–
As at 31 December 2022						
Trade payables	7,908	7,908	7,908	–	–	–
Accruals and other payables	7,140	7,140	6,935	205	–	–
Borrowings	37,943	39,019	38,268	751	–	–
	52,991	54,067	53,111	956	–	–
As at 30 April 2023						
Trade payables	64,846	64,846	64,846	–	–	–
Accruals and other payables	9,869	9,869	9,869	–	–	–
Borrowings	35,950	36,846	36,846	–	–	–
	110,665	111,561	111,561	–	–	–

(d) Currency risk

The Group mainly operated in the PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

36. FAIR VALUE MEASUREMENT

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include deposits and bank balances, trade receivables, deposits and other receivables, trade payables, accruals and other payables and borrowings.

Due to their short term nature, the carrying values of these financial instruments approximates fair values.

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2020, 2021, 2022 and 30 April 2023.

37. EVENTS AFTER THE END OF RELEVANT PERIOD

The Group has no significant events took place after the end of the Relevant Period that needs to be disclosed.

38. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 30 April 2023.

[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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021 under the Companies Act. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 9 October 2023 with effect from the [**REDACTED**]. A summary of certain provisions of the Articles is set out below.

(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 any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Companies Act and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the members before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by an ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resigns;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by an ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Companies Act, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board goes beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Financial assistance to purchase Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to give, directly or indirectly, by means of a loan, a guarantee, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares or warrants or other securities in the Company or any company which is a holding company of the Company.

(ix) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefit received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefit scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(x) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote and the right to speak.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each financial year other than the financial year of the Company's adoption of the Articles. Such annual 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, if any) and shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint.

(iv) Requisition of general meetings

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. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Act and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vii) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(viii) ***Right to Speak***

All members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Act (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The members may by an ordinary resolution appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members in general meeting by an ordinary resolution or in such manner as the members may determine.

The members may, at a general meeting remove the auditor(s) by an ordinary resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by an ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 18 February 2021 subject to the Companies Act. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Act;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(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 member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate 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 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available on display as referred to in the paragraph headed "Appendix V – Documents on Display" in 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.

1. FURTHER INFORMATION ABOUT OUR COMPANY

(i) Incorporation

Our Company was incorporated on 18 February 2021 in the Cayman Islands as an exempted company with limited liability under the Companies Act. We have established a principal place of business in Hong Kong at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 8 July 2021. Ms. Xue Yuchun and Ms. Lai Janette Tin Yun have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong.

As we are incorporated in the Cayman Islands, our corporate structure, Memorandum of Association and Articles of Association are subject to the laws of the Cayman Islands. A summary of our constitution and the relevant aspects of Cayman Islands company law is set out in Appendix III to this document.

(ii) Changes in Share Capital of our Company

(a) on 18 February 2021, our Company was incorporated in the Cayman Islands as an exempted company with limited liability, with an authorized share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each, of which one ordinary share was allotted and issued to the initial subscriber, an Independent Third Party, which then transferred such one ordinary share to Mr. Chen on the same day. On the same day, 16,719 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares were allotted and issued to Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue respectively;

(b) on 25 April 2021, Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue respectively transferred 16,720 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares in the Company to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively;

(c) on 7 June 2021, the issued and unissued shares of US$1.00 each in the share capital of our Company were subdivided into 20 ordinary shares of US$0.05 each, such that the authorised share capital of the Company be subdivided from US$50,000.00 divided into 50,000 ordinary shares of par value US$1.00 each to US$50,000.00 divided into 1,000,000 ordinary shares of par value US$0.05 each;

(d) on 7 June 2021, our Company allotted and issued 434,336 Shares, 37,407 Shares, 33,900 Shares, 28,211 Shares and 5,715 Shares to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively at par value. On the same day, our Company and Mr. Shen entered into a subscription agreement, pursuant to which our Company allotted and issued 45,011 Shares to Mr. Shen at the consideration of RMB979,000; and

(e) on 9 October 2023, the authorised share capital of our Company was increased from US$50,000 divided into 1,000,000 Shares to US$50,000,000 divided into 1,000,000,000 Shares by the creation of an additional 999,000,000 new Shares, ranking *pari passu* with the existing Shares in all respects.

Save for aforesaid and as mentioned in the paragraph headed "1. Further Information about our Company – (iv) Written Resolutions of our Shareholders passed on 9 October 2023" in this section, there has been no alteration in the share capital of our Company since its incorporation.

(iii) Share Capital of our Company after the [REDACTED]

Immediately following the completion of the [**REDACTED**] but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] and the options that may be granted under the Share Option Scheme, the authorised share capital of our Company will be US$50,000,000 divided into 1,000,000,000 Shares and the issued share capital of our Company will be US$[**REDACTED**] divided into [**REDACTED**] Shares, all fully paid or credited as fully paid, and [**REDACTED**] Shares will remain unissued.

Other than the exercise of the [**REDACTED**], the exercise of any options which may be granted under the Share Option Scheme or the exercise of the general mandate to issue Shares referred to in the paragraph headed "1. Further Information about our Company – (iv) Written Resolutions of our Shareholders passed on 9 October 2023" in this section, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this appendix and the section headed "History, Reorganisation and Corporate Structure" in this document, there has been no alteration in the share capital of our Company since our incorporation.

(iv) Written Resolutions of our Shareholders passed on 9 October 2023

Pursuant to the resolutions in writing passed by our Shareholders on 9 October 2023:

(a) our Company approved and adopted the Memorandum and the Articles with effect from the [**REDACTED**];

(b) the authorised share capital of our Company was increased from US$50,000 divided into 1,000,000 Shares to US$50,000,000 divided into 1,000,000,000 Shares by the creation of 999,000,000 new Shares;

(c) conditional upon (i) the Listing Committee of the Stock Exchange granting the [**REDACTED**] of, and [**REDACTED**] in, the Shares in issue and Shares to be issued pursuant to the [**REDACTED**], the [**REDACTED**], the exercise of the [**REDACTED**] and the Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme; (ii) the [**REDACTED**] having been fixed on or around the [**REDACTED**]; (iii) the execution and delivery of the [**REDACTED**] on or around the [**REDACTED**]; and (iv) the obligations of the [**REDACTED**] under the [**REDACTED**] becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the [**REDACTED**] and the [**REDACTED**]) (for themselves and on behalf of the [**REDACTED**]) and the [**REDACTED**] not being terminated in accordance with their respective terms or otherwise:

(i) the [**REDACTED**] and the [**REDACTED**] were approved and our Directors were authorised to effect the same and to allot and issue the new Shares pursuant to the [**REDACTED**] and the [**REDACTED**];

(ii) the proposed [**REDACTED**] of our Shares on the Stock Exchange was approved and our Directors were authorised to implement such [**REDACTED**];

(iii) the [**REDACTED**] was approved and our Directors were authorised to effect the same and to allot and issue up to [**REDACTED**] Shares upon the exercise of the [**REDACTED**]; and

(iv) conditional on the share premium account of our Company having been credited as a result of the allotment and issue of the [**REDACTED**] pursuant to the [**REDACTED**], our Directors were authorised to allot and issue a total of [**REDACTED**] Shares credited as fully paid at par by way of [**REDACTED**] of the sum of US$[**REDACTED**] standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

(d) a general unconditional mandate was granted to our Directors to, inter alia, issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that:

(1) the aggregate number of Shares allotted and issued or agreed to be allotted and issued by our Directors shall not exceed:

(i) 20% of the aggregate number of Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (but excluding any Shares which may be issued pursuant to the exercise of the [**REDACTED**] or any options which may be granted under the Share Option Scheme); and

(ii) the aggregate number of Shares repurchased by our Directors (if any) under the general mandate to repurchase Shares referred to below;

(2) the aggregate number of the Shares which our Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to:

(i) a rights issue;

(ii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles;

(iii) any specific authority granted by the Shareholders in general meeting; or

(iv) the exercise of any options which may be granted under the Share Option Scheme;

(3) this general mandate to issue Shares will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with a total number not exceeding 10% of the aggregate number of Shares in issue or to be issued immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be allotted and issued upon the exercise of the [**REDACTED**] or any options which may be granted under the Share Option Scheme). This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are [**REDACTED**] (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with the Listing Rules and all applicable laws. Such mandate will expire at the earliest of:

(i) the conclusion of our Company's next annual general meeting;

(ii) the expiration of the period within which the next annual general meeting is required by our Articles or the Companies Act or any other applicable law of the Cayman Islands to be held; or

(iii) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(f) the general unconditional mandate as mentioned in paragraph (d) above was extended by the addition to the aggregate number of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (e) above (up to 10% of the aggregate number of the Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**], excluding any Shares which may fall to be issued pursuant to the exercise of the [**REDACTED**] or any options which may be granted under the Share Option Scheme); and

(g) conditional on (1) the Listing Committee of the Stock Exchange granting the [**REDACTED**] of, and [**REDACTED**] in, the new Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme, and (2) the commencement of trading of the Shares on the Stock Exchange, (i) the adoption of the Share Option Scheme was approved and adopted and (ii) our Directors were authorised to allot, issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme and to take all such steps as necessary, desirable or expedient to carry into effect of the Share Option Scheme.

2. OUR SUBSIDIARIES

The particulars of our subsidiaries are provided in the Accountants' Report, the text of which is set out in Appendix I in this document.

3. CHANGES IN SHARE CAPITAL OF OUR SUBSIDIARIES

Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this document, there has been no other changes in the share capital of our subsidiaries within within the two years immediately preceding the date of this document.

4. CORPORATE REORGANISAION

The companies comprising our Group underwent the Reorganisation in preparation for the [**REDACTED**] of the Shares on the Stock Exchange. For further details, please refer to the paragraph headed "History, Reorganisation and Corporate Structure – Reorganisation" in this document.

5. SHARE REPURCHASE MANDATE

This section includes information relating to the repurchase by our Company of the Shares, including information required by the Stock Exchange to be included in this document concerning such repurchase.

A. Relevant Legal and Regulatory Requirements

The Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions passed by our Shareholders on 9 October 2023, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be [**REDACTED**] (and which is recognised by the SFC and the Stock Exchange for this purpose) such number of Shares as will represent up to 10% of the number of shares of the share capital of our Company in issue immediately following completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be issued pursuant to any exercise of the [**REDACTED**] or the options which may be granted under the Share Option Scheme), such mandate to remain in effect until (i) the conclusion of the next annual general meeting of our Company, or (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 or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first (the "**Relevant Period**").

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles of Association, the Companies Act, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchases by our Company may be made out of profits of our Company, out of share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Articles and Companies Act, out of capital of the Company. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of profits of our Company, out of sums standing to the credit of share premium account of our Company before or at the time the Shares are repurchased, or, subject to the Articles and Companies Act, out of capital of our Company.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase our Directors resolve to hold the shares purchased by our Company as treasury shares, shares purchased by our Company shall be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under the Companies Act.

(v) Suspension of Repurchase

Pursuant to the Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the Listing Rules); and (b) the deadline for a listed company to publish an announcement of its results for any year or half-year or quarter under the Listing Rules, or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person" (as defined in the Listing Rules), that is, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or their close associates, and a core connected person is prohibited from knowingly selling his/her securities to the company on the Stock Exchange.

B. Reasons for Repurchases

Our Directors believe that it is in our Company's and our Shareholders' best interests for our Directors to have general authority from the Shareholders to enable our Company to execute repurchases of the 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 its earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

C. Funding of Repurchases

In repurchasing securities, a listed company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this document and taking into account our Company's current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, there might have a material adverse effect on our Company's working capital and/or our Company's gearing position as compared with the position disclosed in this document. 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 our Company's working capital requirements or the gearing position which in the opinion of our Directors are from time to time appropriate for our Company.

D. General

Exercise in full of the current Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, could accordingly result in up to approximately [**REDACTED**] Shares being repurchased by our Company during the Relevant Period.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to us 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 the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interests, 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 as a result of a repurchase of Shares made immediately after the [**REDACTED**] of Shares on the Stock Exchange. 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 immediately after the [**REDACTED**] of the Shares on the Stock Exchange.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the Listing Rules requirements regarding the public shareholding referred to above. A waiver of this provision is not normally granted other than in exceptional circumstances.

No core connected person (as defined in the Listing Rules) of our Company has notified us that he or she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by our Company since its incorporation.

6. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this document and are or may be material:

(1) the Deed of Indemnity;

(2) the Deed of Non-Competition; and

(3) the [**REDACTED**].

B. Our Intellectual Property Rights

As at the Latest Practicable Date, we had registered or had applied for the registration of the following intellectual property rights which are material in relation to our business.

(i) Trademarks

As at the Latest Practicable Date, members of our Group have registered the following trademark in Hong Kong and PRC:

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1		35	Huashi Media	Hong Kong	305519223	26 January 2031
2	华视电广	35	Huashi Chuangxiang	PRC	17035385	27 July 2026

(ii) Copyrights

As at the Latest Practicable Date, we had registered 85 computer software copyrights in the PRC, of which the following are, in the opinion of our Directors, material to our business:

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
1	Media Information Integration and Analysis System V1.0 (傳媒信息整合分析系統V1.0)	PRC	2021SR0186136	Huashi Media	03/02/2021
2	Media Business Operation Management System V1.0 (傳媒業務運營管理系統V1.0)	PRC	2021SR0186132	Huashi Media	03/02/2021
3	Media Network Marketing Services System V1.0 (傳媒網絡推廣服務系統V1.0)	PRC	2021SR0186135	Huashi Media	03/02/2021
4	Media Information Management System V1.0 (傳媒信息諮詢管理系統V1.0)	PRC	2021SR0186167	Huashi Media	03/02/2021
5	Advertisement Media Data Analysis System V1.0 (廣告媒體數據分析系統V1.0)	PRC	2021SR0186011	Huashi Media	03/02/2021
6	Advertisement Targeting System V1.0 (廣告精準定位投放系統V1.0)	PRC	2021SR0186134	Huashi Media	03/02/2021

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
7	Advertisement Branding System V1.0 (廣告創意品牌營銷系統V1.0)	PRC	2021SR0187020	Huashi Media	03/02/2021
8	Advertisement Feedback Analysis System V1.0 (廣告播放反饋分析系統V1.0)	PRC	2021SR0186133	Huashi Media	03/02/2021
9	Brand Planning Precision Marketing Management System V1.0 (品牌策劃精准營銷管理系統V1.0)	PRC	2021SR0899574	Huashi Media	16/06/2021
10	Brand Planning Solutions Advertising Data Analysis Chart System V1.0 (品牌策劃方案廣告數據分析圖系統V1.0)	PRC	2021SR0905097	Huashi Media	17/06/2021
11	Brand Planning and Design Intelligent Display System V1.0 (品牌策劃設計智能展示系統V1.0)	PRC	2021SR0899400	Huashi Media	16/06/2021
12	Integrated Brand Planning Management System V1.0 (品牌策劃項目綜合管控系統V1.0)	PRC	2021SR0899592	Huashi Media	16/06/2021

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
13	Marketing Sandbox Simulation System V1.0 (市場營銷沙盤模擬系統V1.0)	PRC	2021SR1192353	Huashi Media	12/08/2021
14	Marketing Business Intelligence Solution Management Software V1.0 (市場營銷商業智能解決方案管理軟件V1.0)	PRC	2021SR1192072	Huashi Media	12/08/2021
15	Internet Marketing Service System Management Platform V1.0 (互聯網市場營銷服務體系管理平台V1.0)	PRC	2021SR1192070	Huashi Media	12/08/2021
16	Marketing Team Innovation Practice Platform V1.0 (市場營銷團隊創新實踐平台V1.0)	PRC	2021SR1192069	Huashi Media	12/08/2021
17	Brand Value Assessment Service System V1.0 (品牌價值評估策劃服務系統V1.0)	PRC	2021SR1712005	Huashi Media	12/11/2021
18	Brand Exposure Marketing Service System V1.0 (品牌曝光營銷策劃服務系統V1.0)	PRC	2021SR1712017	Huashi Media	12/11/2021

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
19	Brand Online Marketing Collaboration System V1.0 (品牌在線營銷協作系統V1.0)	PRC	2021SR1713090	Huashi Media	12/11/2021
20	Web Multimedia Brand Planning and Display Information Release System V1.0 (網絡多媒體品牌策劃展示信息發佈系統V1.0)	PRC	2021SR1713089	Huashi Media	12/11/2021
21	Digital Branding Interactive Display Software V1.0 (數字化品牌策劃交互展示軟件V1.0)	PRC	2022SR0428976	Huashi Media	02/04/2022
22	Brand Planning Data Monitoring System V1.0 (品牌策劃輿情數據監控系統V1.0)	PRC	2022SR0429194	Huashi Media	02/04/2022
23	Data Conversion System for Brand Planning Providers V1.0 (品牌策劃供應商數據轉換系統V1.0)	PRC	2022SR0428975	Huashi Media	02/04/2022
24	User Behaviour Based Brand Marketing Planning System V1.0 (基於用戶行為的品牌營銷策劃系統V1.0)	PRC	2022SR0428977	Huashi Media	02/04/2022

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
25	Consumer Index Analysis Brand Planning Service System V1.0 (消費者指數分析品牌策劃服務系統V1.0)	PRC	2022SR0429195	Huashi Media	02/04/2022
26	Marketing Simulation System Software (市場營銷仿真模擬系統軟件)	PRC	2022SR0848845	Huashi Media	27/06/2022
27	Corporate Identity and Market Analysis System (企業形象與市場分析系統)	PRC	2022SR0848844	Huashi Media	27/06/2022
28	Brand Value Intelligence Analytics Platform (品牌價值智能分析平台)	PRC	2022SR0848843	Huashi Media	27/06/2022
29	Advertising design and production information management software (廣告設計製品製作信息管理軟件)	PRC	2022SR0848842	Huashi Media	27/06/2022
30	Brand Digital Integration System (品牌數字化集成系統)	Huashi Media	PRC	2023SR0967492	23/08/2023
31	Enterprise Brand Operation Support System (企業品牌營運輔助系統)	Huashi Media	PRC	2023SR0968488	23/08/2023

(iii) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names:

No.	Domain Name	Registered Owner	Date of Registration (dd/mm/yyyy)	Date of Expiration (dd/mm/yyyy)
1	dabie3.com	Dabieshan Culture	14/10/2017	14/10/2024
2	youmeimu.com	Huashi Media	20/11/2019	20/11/2024

(iv) Patents

As of the Latest Practicable Date, we had registered the following patents in relation to our business:

No.	Patent name	Patent category	Registered owner	Place of registration	Registration number	Date of application (dd/mm/yy)	Date of registration (dd/mm/yy)
1.	A light filler device with easy adjustment of angle (一種便於調節補光角度的補光裝置)	Utility Model	Huashi Media	PRC	ZL 2022 2 3177310.X	29/11/2022	21/03/2023
2.	An easy-to-install video device (一種便於安裝的影視跟拍裝置)	Utility Model	Huashi Media	PRC	ZL 2022 2 2828440.9	26/10/2022	21/03/2023
3.	A portable recording device (一種便攜式錄音裝置)	Utility Model	Huashi Media	PRC	ZL 2022 2 2828609.0	26/10/2022	17/02/2023
4.	A camera with easy lens replacement (一種便於更換鏡頭的攝像機)	Utility Model	Huashi Media	PRC	ZL 2022 2 2967433.7	08/11/2022	21/03/2023
5.	An adjustable backdrop (一種便於調節的背景架)	Utility Model	Huashi Media	PRC	ZL 2022 2 3177306.3	29/11/2022	21/03/2023
6.	A portable camera case (一種便攜式攝影箱)	Utility Model	Huashi Media	PRC	ZL 2022 2 2828441.3	26/10/2022	04/04/2023
7.	A camera stand for easy camera angle adjustment (一種便於調節拍攝角度的攝像機支架)	Utility Model	Huashi Media	PRC	ZL 2022 2 3177035.1	29/11/2022	04/04/2023

No.	Patent name	Patent category	Registered owner	Place of registration	Registration number	Date of application (dd/mm/yy)	Date of registration (dd/mm/yy)
8.	A system and method for promoting products based on social networking technology (一種基於社交網絡技術的產品推廣系統及方法)	Utility Model	Huashi Media	PRC	ZL 2022 1 0440821.1	26/04/2022	07/04/2023
9.	A smart community messaging device (一種智慧社區的信息宣傳裝置)	Utility Model	Huashi Media	PRC	ZL 2021 1 0701564.8	24/06/2021	07/04/2023
10.	A bulletin board for glow-in-the-dark sights (一種便於夜光觀光的宣傳欄)	Utility Model	Huashi Media	PRC	ZL 2020 1 1544704.7	24/12/2020	07/04/2023
11.	An intelligent management system for online live courses based on the mobile internet (一種基於移動互聯網的直播課程在線觀看智能管理系統)	Utility Model	Huashi Media	PRC	ZL 2022 1 0877779.X	25/07/2022	07/04/2023
12.	A multifunctional stand (一種多功能底座)	Utility Model	Huashi Media	PRC	ZL 2022 2 3403469.9	19/12/2022	01/08/2023
13.	A carrying case with multiple carrying options (一種具備多種攜帶方式的攜帶箱)	Utility Model	Huashi Media	PRC	ZL 2023 2 0317362.8	27/02/2023	01/08/2023
14.	A shock-absorbing carrying case (一種具備減震功能的攜帶箱)	Utility Model	Huashi Media	PRC	ZL 2023 2 0325030.4	27/02/2023	01/08/2023

As of the Latest Practicable Date, we had applied for the registration of the following patents which are material or may be material to our business:

No.	Patent name	Applicant	Place of application	Application number	Date of application (dd/mm/yy)
1.	A stand (一種支架)	Huashi Media	PRC	202223495158.X	27/12/2022
2.	An adjustable stand (一種可調節的支架)	Huashi Media	PRC	202223404182.8	19/12/2022
3.	A well-fixed carrying case (一種固定效果好的攜帶箱)	Huashi Media	PRC	202320735125.3	06/04/2023
4.	A carrying case with a protective structure (一種具備防護結構的攜帶箱)	Huashi Media	PRC	202320767798.7	10/04/2023
5.	A connection structure with an auxiliary positioning function (一種具有輔助定位功能的連接結構)	Huashi Media	PRC	202321641681.0	27/06/2023
6.	A camera mounting base (一種攝影機安裝底座)	Huashi Media	PRC	202321675512.9	29/06/2023
7.	A new type of wall bracket assembly (一種新型壁掛支架組件)	Huashi Media	PRC	202321979143.2	26/07/2023
8.	A bracket with protective mechanism for camera (一種攝影機用具有防護機制的支架)	Huashi Media	PRC	202322646936.9	28/09/2023

Save as disclosed above, there are no other trademarks, domain names, patents or other intellectual property rights which are material in relation to our business.

7. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Disclosure of Interests

(i) Disclosure of interests and short positions of our Directors and our chief executive of our Company in the Shares, underlying Shares or debentures of our Company and our associated corporations

Immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and options which may be granted under the Share Option Scheme), the interests or short positions of Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered into in the register referred to in that section, 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 and the Stock Exchange, once the Shares are [**REDACTED**] will be as follows:

Long position in our Shares

Name of Director	**Capacity/Nature of Interest**	**Number of Shares held/ interested**	**Approximate percentage of shareholding**
			(%)
Mr. Chen *(Note 1)*	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]

Note:

(1) Our Company is held as to approximately [**REDACTED**]% by JaiYi Culture immediately following completion of the [**REDACTED**] and the [**REDACTED**] (without taking into account any Shares which may be allotted and issued upon any exercise of the [**REDACTED**] and options which may be granted under the Share Option Scheme). The issued share capital of JaiYi Culture is ultimately wholly-owned by Mr. Chen. Therefore, Mr. Chen, is deemed, or taken to be, interested in all the Shares held by JaiYi Culture for the purpose of the SFO.

Long position in our Company's associated corporation

Name of Director	**Name of associated corporation**	**Capacity/Nature of Interest**	**Number of shares held/ interested**	**Approximate percentage of shareholding**
				(%)
Mr. Chen	JaiYi Culture	Beneficial owner	1	100

(ii) Disclosure of interests under the SFO and disclosure of interests for substantial Shareholders

So far as is known to any Director or chief executive of our Company, immediately following completion of the [**REDACTED**] and the [**REDACTED**] but without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**] and options that may be granted under the Share Option Scheme, the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or the underlying Shares which must be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	**Capacity/Nature of Interest**	**Number of Shares held/ Underlying Shares held**	**Approximate percentage of shareholding in our Company** (%)
JaiYi Culture *(Note 1)*	Beneficial owner	[**REDACTED**]	[**REDACTED**]

Notes:

(1) JaiYi Culture is wholly-owned by Mr. Chen. Accordingly, Mr. Chen is deemed, or taken to be, interested in all the Shares held by JaiYi Culture for the purpose of the SFO.

B. Particulars of Director's Service Contract and Appointment Letters

(i) Executive Director

Each of our executive Directors has entered into a service contract with our Company for an initial fixed term of three years with effect from 9 October 2023, which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other. The service contracts may be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice to the other.

(ii) Independent non-executive Directors

Each of our independent non-executive Directors has signed an appointment letter with our Company for an initial fixed term of three years with effect from 9 October 2023, which can be terminated before the expiration of the term by not less than three months' notice in writing served by either party on the other. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

Save as disclosed above, none of our Directors has entered into a service contract 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)).

C. Directors' Remuneration

Please refer to the paragraph headed "Directors and Senior Management – Remuneration of directors and senior management" in this document for further information on the Directors' remuneration.

There was no arrangement under which a Director waived or agreed to waive any remuneration for the Track Record Period.

D. Agency Fees or Commission Received

Save as disclosed in this appendix and the sections headed "Financial Information" and [**REDACTED**] in this document, no commissions, discounts, agency fees, brokerages or other special terms have been granted to our Directors or the experts named in the paragraph headed "9. Other Information – G. Qualifications of Experts" in this section in connection with the issue or sale of any of our capital within the two years ended on the date of this document.

E. Related-Party Transactions

During the two years preceding the date of this document, we were not engaged in any related party transactions save as disclosed in note 31 to the Accountants' Report set out in Appendix I.

F. Disclaimers

Save as disclosed in the sections headed "Directors and Senior Management", "Relationship with our Controlling Shareholders" and "Statutory and General Information – 7. Further information about our Directors and Substantial Shareholders – C. Directors' Remuneration" and "History, Reorganisation and Corporate Structure" in this document, and as at the Latest Practicable Date:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 in that section, 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 and the Stock Exchange, in each case once the Shares are [**REDACTED**] on the Stock Exchange;

(b) so far as is known to any Director, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the paragraph headed "9. Other Information – G. Qualifications of Experts" in this section is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group taken as a whole;

(e) save in connection with the [**REDACTED**], none of the persons listed in the paragraph headed "9. Other Information – G. Qualifications of Experts" in this section 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;

(f) save for the [**REDACTED**], none of the persons listed in the paragraph headed "9. Other Information – G. Qualifications of Experts" in this section is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;

(g) none of our Directors or their respective close associates nor, to the knowledge of our Directors, any Shareholders who held more than 5% of the total Shares as at the Latest Practicable Date had any interest in the five largest customers or the five largest suppliers of our Company in each year or period during the Track Record Period; and

(h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

8. SHARE OPTION SCHEME

Summary of terms

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a written resolution of our Shareholders passed on 9 October 2023 (the "**Adoption Date**"). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose and Eligible Participants and Administration

1.1. The purpose of the Share Option Scheme is to enable the Board to grant options ("**Share Options**") to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the growth and development of our Group and to attract and retain personnel to promote the sustainable development of our Group. The basis of eligibility of any of the Eligible Participants to the grant of Share Options shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution or potential contribution to the development and growth of the Group.

For the purpose of the Share Option Scheme, "**Eligible Participants**" shall include:

(a) Director(s) and employee(s) (whether full time or part time) of the Company or any of its subsidiaries (including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries) ("**Employee Participant(s)**");

(b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company ("**Related Party Participant(s)**"; and

(c) person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for the Company as independent contractors (including advisers, consultants, distributors, contractors, suppliers, agents and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or those who are required to perform their services with impartiality and objectivity ("**Service Provider(s)**");

1.2. The eligibility of any of the Eligible Participants to an offer for the grant of a Share Option ("**Offer**") shall be determined by the Board from time to time on the basis of the Board's opinion as to the Eligible Participant's contribution to the development and growth of the Group. In assessing whether Share Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group, the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought to the Group's business and development and whether granting Share Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.

(a) In assessing the eligibility of Employee Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

(i) his/her skills, knowledge, experience, expertise and other relevant personal qualities;

(ii) his/her performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard;

(iii) his/her contribution made or expected to be made to the growth of the Group; and

(iv) his/her educational and professional qualifications, and knowledge in the industry.

(b) In assessing the eligibility of Related Entity Participant(s), the Board will consider all relevant factors as appropriate, including, among others:

(i) the positive impacts brought by, or expected from, the Related Entity Participant on the Group's business development in terms of, amongst other things, an increase in turnover or profits and/or an addition of expertise to the Group;

(ii) the period of engagement or employment of the Related Entity Participant by the Group;

(iii) the number, scale and nature of the projects in which the Related Entity Participant is involved;

(iv) whether the Related Entity Participant has or expected to refer or introduce opportunities to the Group which have or likely to materialize into further business relationships;

(v) whether the Related Entity Participant has or expected to assist the Group in tapping into new markets and/or increased its market share; and

(vi) the materiality and nature of the business relation of holding companies, fellow subsidiaries or associated companies with the Group and the Related Entity Participant's contribution in such holding companies, fellow subsidiaries or associated companies of the Group which may benefit the core business of the Group through a collaborative relationship.

(c) Amongst the Service Providers eligible for the granting of Share Options:

(i) distributors, contractors, suppliers and agents are to directly contribute to the long term growth of the Group's business by taking roles or providing services that are in a continuing and recurring nature in its ordinary and usual course of business. The work of distributors, contractors, suppliers and agents are closely connected with the Group's principal business, and their performances will contribute to the operating performance and financial results of the Group; and

(ii) advisers, consultants and service providers are those who would play significant roles in the Group's business development by contributing their specialized skills and knowledge in the business activities of the Group on a continuing and recurring basis. Such advisers, consultants and service providers would possess industry-specific knowledge or expertise or valuable experience or deep understanding or insight in the business, financial or commercial areas of the Group. Their continuing and recurring engagement and cooperation with the Group would benefit the Group with frequent and successive strategic advice and guidance in its ordinary and usual course of business, which are substantively comparable to contributions of highly-skilled or executive employees of the Group.

In assessing the eligibility of Service Provider(s), the Board will consider all relevant factors as appropriate, including, among others:

(iii) in respect of agents, distributors, contractors and suppliers:

A. the scale of the Service Provider's business dealings with the Group in terms of purchases or sales attributable to him;

B. the ability of the Service Provider to maintain the quality of services;

C. the performance of the Service Provider(s) and track record, including whether the Service Provider has a proven track record of delivering quality services;

D. the benefits and strategic value brought by the Service Provider to the Group's development and future prospects in terms of the profits and/or income attributable to the Service Provider's collaboration with the Group;

E. the scale of the Service Provider's collaboration with the Group and the length of business relationships between the Service Provider and the Group; and

F. the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

(iv) in respect of advisers, consultants and service provider:

A. the expertise, professional qualifications and industry experience of the Service Provider;

B. the performance and track record of the Service Provider, including whether the Service Provider has a proven track record of delivering quality services;

C. the prevailing market fees chargeable by other services providers;

D. the Group's period of engagement of or collaboration with the Service Provider; and

E. the Service Provider's actual or potential contribution to the Group in terms of a reduction in costs or an increase in turnover or profit;

1.3. Subject to the rules of the Share Option Scheme, the Board may, at any time on a Business Day during the period commencing from the Adoption Date and expiring at the close of business on the day preceding the tenth anniversary of the Adoption Date, at its absolute discretion and on and subject to such terms, conditions, restrictions or limitations as it may think fit in writing offer to grant Share Options to Eligible Participants to subscribe at the Exercise Price (as defined in paragraph 5 below) for such number of Shares as the Board may determine.

1.4. The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. The Board shall have the right to (a) interpret and construe the provisions of this Share Option Scheme; (b) determine the persons (if any) who shall be offered Share Options under the Share Option Scheme, and the number of Shares and Exercise Price of the Share Option, subject to paragraph 5; (c) subject to paragraphs 9 and 11, make such adjustments to the terms of the Share Options granted under the Share Option Scheme to the relevant Eligible Participant ("**Grantee**") who accepted the Offer as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (d) make such other decisions or determinations as it shall deem appropriate in relation to the Offer and/or the administration of the Share Option Scheme provided that the same are not inconsistent with the provisions of the Share Option Scheme and the Listing Rules. Without prejudice to the generality of the foregoing, the Board may delegate the administration of the exercise and delivery of Shares upon the exercise of Share Options to third party professional service providers as it may think fit.

2. Duration

2.1. The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period, no further Share Options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Share Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.

2.2. A Grantee shall ensure that the acceptance of the Offer, the holding and exercise of the Share Option in accordance with the Share Option Scheme, the allotment and issue of Shares to him/her upon the exercise of the Share Option and the holding of such Shares are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Directors may, as a condition precedent of making an Offer and allotting Shares upon an exercise of a Share Option, require an Eligible Participant or a Grantee (as the case may be) to produce such evidence as they may reasonably require for such purpose.

3. Conditions for the Grant of Share Option

3.1. The Share Option Scheme or the grant of any Share Option is conditional on:

(a) the passing by the Shareholders at a general meeting of the Company of an ordinary resolution to approve the adoption of the Share Option Scheme and to authorise the Board to grant Share Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Share Option; and

(b) the Listing Committee of the Stock Exchange granting the approval for the [**REDACTED**] of, and [**REDACTED**] in, the Shares to be allotted and issued pursuant to the exercise of any Share Option which may be granted under the Share Option Scheme.

4. Grant of Share Options

4.1. Subject to paragraph 4.2, the Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of ten (10) years commencing from the Adoption Date to make an Offer to any Eligible Participant to subscribe, and no person other than the Eligible Participant named in such Offer may subscribe, for such number of Shares (being a [**REDACTED**] for [**REDACTED**] in the Shares on the Stock Exchange or an integral multiple thereof) at such price per Share at which a Grantee may subscribe for the Shares on the exercise of a Share Option, as determined in accordance with paragraph 5 (the "**Exercise Price**"), as the Directors shall, subject to paragraph 8 and at their discretion, determine.

4.2. Without prejudice to paragraph 8.8 below, the making of an Offer to any Director or chief executive of the Company or substantial shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of a Share Option).

4.3. Any Offer shall be made to an Eligible Participant in writing (and otherwise so made shall be invalid) in such form as the Directors may from time to time determine, either generally or on a case-by-case basis, specifying the number of Shares covered by such Share Option, the period during which such Option Period can be exercised ("**Option Period**") and any terms and conditions, restrictions and/or limitations applicable to the Share Option, and further requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and the Offer shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant to whom the Offer is made bound by the provisions of the Scheme. The Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to 30 days from the date of the Offer ("**Offer Date**").

4.4. An Offer shall state, in addition to the matters specified in paragraph 4.3, the following:

(a) the name, address and occupation of the Eligible Participant;

(b) the number of Shares under the Share Option in respect of which the Offer is made and the Exercise Price for such Shares;

(c) the Option Period in respect of which the Offer is made or, as the case may be, the Option Period in respect of separate parcels of Shares under the Share Option comprised in the Offer;

(d) the last date by which the Offer must be accepted (which must not be later than 30 days from the Offer Date);

(e) a minimum period for which a Share Option must be held before it is vested and exercisable, which shall not be less than 12 months;

(f) the procedure for acceptance;

(g) the performance target(s) (if any) that must be attained by the Eligible Participant before any Share Option can be exercised;

(h) the clawback mechanism for the Company to recover or withhold any Share Option granted to any Eligible Participants (if any) in the event of, for example, serious misconduct, a material misstatement in the Company's financial statements or other special circumstances as identified by the Board;

(i) such other terms and conditions of the Offer as may be imposed by the Directors which in their opinion are fair and reasonable and not inconsistent with the Share Option Scheme; and

(j) a statement requiring the Eligible Participant to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme including, without limitation, the conditions specified in, among other things, paragraphs 4.3 and 6.1.

4.5. An Offer shall be accepted by an Eligible Participant in respect of all Shares under the Share Option which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.

4.6. Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares under the Share Option which are offered provided that it is accepted in respect of a [**REDACTED**] for [**REDACTED**] in the Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 30 days from the Offer Date). Such remittance shall in no circumstances be refundable.

4.7. Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with paragraphs 4.5 or 4.6, a Share Option in respect of the number of Shares of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the Offer Date. To the extent that the Offer is not accepted within the time specified in the Offer in the manner indicated in paragraphs 4.5 or 4.6, it will be deemed to have been irrevocably declined.

4.8. The Option Period of a Share Option must not be more than ten (10) years after the Offer Date.

4.9. Share Options will not be listed or dealt in on the Stock Exchange.

4.10 The vesting period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant is:

(a) An Employee Participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall, or

(b) An Employee Participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall

have the authority to determine a shorter vesting period, if the Remuneration Committee of the Company or the Directors consider that a shorter vesting period is appropriate to align with the purpose of the Share Option Scheme after having taken into consideration the experience and seniority of the relevant Employee Participant, the number of Shares held by such Employee Participant, his remuneration package, his contributions to the Group and his performance level, any performance based vesting conditions prescribed under the Offer, administrative and compliance arrangements, and such other factors as the Remuneration Committee of the Company (or, as the case may be, the Directors) considers to be relevant or appropriate.

4.11. For so long as the Shares are [**REDACTED**] on the Stock Exchange:

(a) an Offer may not be made after a price-sensitive event or inside information has come to the knowledge of the Company until (and including) the trading day after it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the 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, quarterly or any other interim period (whether or not required under the Listing Rules)

and ending on the actual date of publication of the results announcement, and no Option may be granted during any period of delay in publishing a results announcement.

(b) without prejudice to paragraph 4.11(a), an Offer may not be made to an Eligible Participant who is a Director during the periods of time in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, or any corresponding code or securities dealing restrictions adopted by the Company.

5. Exercise Price

The Exercise Price in respect of any Share Option shall, subject to any adjustments made pursuant to paragraph 9, be at the discretion of the Directors, provided that it must be at least the highest of:

(a) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Offer Date;

(b) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and

(c) the nominal value of the Shares on the Offer Date;

provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

6. Exercise of Share Options

6.1. A Share Option must be personal to the Grantee and must not be transferable or assignable, save where applicable under the Listing Rules and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Share Option or enter into any agreement to do so. Where (i) the Directors give their express consent in writing (which consent may or may not be given by the Directors at their absolute discretion), and (ii) the Stock Exchange gives any express waiver, the Option held by a Grantee may be allowed to be transferred to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (for purposes of estate planning or tax planning or such other reasons as the Directors and the Stock Exchange consider to be justifiable) that would continue to meet the purpose of the Share Option Scheme and comply with the requirements of Chapter 17 of the Listing Rules. In connection with the application for the above consent from the Directors and the above waiver from the Stock Exchange, the Grantee shall (b-1) provide information on the beneficiaries or discretionary objects of the trust or the ultimate beneficial owners of the transferee vehicle, as well as such other information as may be required by the Directors or the Stock Exchange, and (b-2) consent to the disclosure of such information in the announcement, circular and/or report to be published by the Company.

6.2. Subject to, among other things, paragraph 4.3 and the fulfilment of all terms and conditions attached to the Share Options, including the attainment of any performance targets (if any), a Share Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in paragraphs 6.5 and 6.6 by giving notice in writing to the Company stating that the Share Option is thereby exercised and the number of Shares in respect of which it is so exercised (which, except where the number of Shares in respect of which the Share Option remains unexercised is less than one [**REDACTED**] or where the Share Option is exercised in full, must be for a [**REDACTED**] for [**REDACTED**] in Shares on the Stock Exchange or an integral multiple thereof). Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for Shares in respect of which the notice is given. Within 30 days (seven days in the case of an exercise pursuant to paragraph 6.5(c)) after receipt of the notice and, where appropriate, receipt of the certificate of the auditors or the independent financial advisers pursuant to paragraph 9, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Share Option by a personal representative pursuant to paragraph 6.5(a), to the estate of the Grantee) fully paid and issue to the Grantee (or his/her estate in the event of an exercise by his/her personal representative as aforesaid) the relevant share certificate(s) in respect of the Shares so allotted and issued.

6.3. Unless otherwise determined by the Board and specified in the Offer, there is generally no performance target that needs to be achieved before the exercise of a Share Option granted to a Grantee nor there is any clawback mechanism for the Company to recover or withhold the Share Options granted to any Eligible Participant.

6.4. Subject as hereinafter provided in the Share Option Scheme, a Share Option may only be exercised by the Grantee at any time during the Option Period provided that:

(a) if the Grantee is an Employee Participant and in the event of his/her ceasing to be a Grantee by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Share Option in full, his/her personal representative(s) or, as appropriate, the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.2 within a period of 12 months following the date of cessation of employment which date shall be the last day on which the Grantee was at work with the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not, or such longer period as the Directors may determine or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Share Option pursuant to paragraph 6.4(c) or 6.4(d) respectively;

(b) if the Grantee is an Employee Participant and in the event of his/her ceasing to be a Grantee for any reason other than (1) his/her death, ill-health or retirement in accordance with his/her contract of employment or (2) the termination of his/her employment on one or more of the grounds specified in paragraph 7.1(d) before exercising the Share Option in full, the Share Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Share Option (to the extent not already exercised) in whole or in part in accordance with the provisions of paragraph 6.4 within such period as the Directors may determine following the date of such cessation or termination or, if any of the events referred to in paragraph 6.4(c) or 6.4(d) occur during such period, exercise the Share Option pursuant to paragraph 6.5(c) or 6.5(d) respectively. The date of cessation or termination as aforesaid shall be the last day on which the Grantee actually worked for the Company or the relevant subsidiary of the Company whether salary is paid in lieu of notice or not;

(c) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, 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 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 Share Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his/her Share Options were granted, be entitled to exercise the Share Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of paragraph 6.5 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;

(d) in the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two (2) Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her Share Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of paragraph 6.5 and the Company shall allot and issue to the Grantee the Shares in respect of which such Grantee has exercised his/her Share Option not less than one (1) day before the date on which such resolution is to be considered and/or passed whereupon he/she shall accordingly be entitled, in respect of the Shares allotted and issued to him/her in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Share Options then outstanding shall lapse and determine on the commencement of the winding-up; and

(e) if a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the Grantees of the Share Options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given (such notice to be received by the Company no later than two (2) Business Days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Share Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Share Options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Share Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

6.5. Shares to be allotted and issued upon the exercise of a Share Option will be subject to the provisions of the Articles of Association for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the Grantee is registered on the register of members of the Company. A Share allotted and issued upon the exercise of a Share Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof.

7. Early Termination of Option Period

7.1. The Option Period in respect of any Share Option shall automatically terminate and that Share Option (to the extent not already exercised) shall lapse at the earliest of:

(a) the expiry of the Option Period as may be determined by the Directors;

(b) the expiry of any of the periods referred to in paragraph 6.4;

(c) the date of commencement of the winding-up of the Company;

(d) in respect of a Grantee who is an Employee Participant when an Offer is made to him/her, the date on which the Grantee ceases to be an Employee Participant by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of persistent or serious misconduct, or has been liable for a material misstatement in the Company's financial statements, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute and does not involve his integrity or honesty) or (if so determined by the Board) on any other grounds on which an employer would be entitled to terminate his employment summarily;

(e) in respect of a Grantee other than an Employee Participant, the date on which the Board shall at their absolute discretion determine that: (i) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group on the other part; or (ii) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (iii) the Grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and

(f) the date on which the Directors shall exercise the Company's right to cancel the Share Option by reason of a breach of paragraph 6.1 by the Grantee in respect of that or any other Share Option.

7.2. A resolution of the Directors or written communication on behalf of the Board to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in paragraphs 7.1(d) and (e) has occurred shall be conclusive and binding on all persons who may be affected thereby.

7.3. Transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group shall not be considered a cessation of employment. It shall not be considered a cessation of employment if a Grantee who is an employee of the Group is placed on such leave of absence which is considered by the directors of the relevant member of the Group not to be a cessation of employment of the Grantee.

8. Maximum Number of Shares Available for Subscription

8.1. The maximum number of Shares which may be allotted and issued upon exercise of all Share Options, share options or share awards to be granted under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (or alternatively where the Company is a listing applicant as at the date of approval of the Share Option Scheme, the date on which the Shares are [**REDACTED**] and dealings in the Shares commence on the Stock Exchange) (the "**Scheme Limit**").

8.2. Subject to paragraph 8.1, the total number of Shares which may be allotted and issued in respect of all Share Options or share options or share awards to be granted to Service Providers under the Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company must not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date ("**Service Provider Sublimit**").

8.3. For the avoidance of doubt, the Shares underlying any Share Options granted under the Share Option Scheme or any other share option schemes of the Company which have been cancelled will be counted for the purpose of calculating the Scheme Limit and Service Provider Sublimit. Where the Company has reissued such cancelled Share Options, the Shares underlying both the cancelled Share Options and the re-issued Share Options will be counted as part of the total number of Shares subject to paragraphs 8.1 and 8.2. The Share Options, share options or share awards lapsed in accordance with the terms of the Share Option Scheme or (as the case may be) any other share option scheme(s) or share award scheme(s) of the Company will, however, not be regarded as utilized for the purpose of calculating the Scheme Limit and Service Provider Sublimit.

8.4. If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Share Options or share awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit or the Service Provider Sublimit 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.

8.5. The Scheme Limit (and the Service Provider Sublimit) may be refreshed at any time by obtaining approval of the Shareholders in general meeting after three years from Adoption Date or the date of Shareholders' approval for the last refreshment, provided that:

(a) the total number of Shares which may be issued in respect of all share options and shares awards to be granted under all of the share option scheme(s) or share award scheme(s) of the Company under the Scheme Limit as refreshed (the "**New Scheme Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue at the date of the Shareholders' approval of such New Scheme Limit (and New Service Provider Sublimit). Share Options, share options or share awards previously granted under the Scheme or any other share option scheme(s) or share award scheme(s) of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of this Scheme or any other share option scheme(s) or share award scheme(s) of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the New Scheme Limit (and New Service Provider Sublimit). The Company must send a circular to its Shareholders containing the number of Share Options, share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit, and the reason for the refreshment.

(b) any refreshment to the Scheme Limit (and the Service Provider Sublimit) within any three-year period must be approved by the Shareholders, where any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting and in accordance with the requirements under the Listing Rules.

(c) the requirements under paragraph 8.5(b) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.

8.6. Without prejudice to paragraph 8.5, the Company may seek separate Shareholders' approval in general meeting to grant Share Options beyond the Scheme Limit (or the Service Provider Sublimit) or, if applicable, the extended limits referred to in paragraph 8.5, provided the share options or share awards in excess of the Scheme Limit (or the Service Provider Sublimit) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such share options or share awards, the number and terms of the share options or share awards to be granted to each Eligible Participant, and the purpose of granting options or awards to the specified Eligible Participants with an explanation as to how the terms of the share options or share awards serve such purpose. The number and terms of share options or share awards to be granted to such Eligible Participant must be fixed before Shareholders' approval.

8.7. Subject to paragraph 8.8, where any grant of Share Option to a Grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all Share Options or share awards granted and proposed to be granted to such person (excluding any Share Options or share awards lapsed in accordance with the terms of the Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) under this Share Option Scheme and any other share option scheme(s) or share award scheme(s) of the Company in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Grantee and his close associates (or his associates if the Grantee is a connected person of the Company) abstaining from voting. The number and terms of Shares Options or share awards to be granted to such participant must be fixed before Shareholders' approval.

8.8. Without prejudice to paragraphs 4.2 and 4.3, each grant of Share Options to a Director, chief executive of the Company or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Share Options).

8.9. Where any grant of Share Options to an independent non-executive Director or a substantial shareholder of the Company (or any of their respective associates) would result in the Shares issued and to be issued in respect of all Share Options, share options or share awards granted (excluding any Share Options, share options or share awards lapsed in accordance with the Share Option Scheme or other share option scheme(s) or share award scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Share Options shall be subject to the approval by the Shareholders in general meeting at which the Grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour at such general meeting, and in accordance with the Listing Rules.

8.10. For the purpose of seeking the approval of the Shareholders under paragraphs 8.7 and 8.9, the Company must send a circular to its Shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules.

8.11. Any change in the terms of Share Options granted to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or an independent non-executive Director of the Company, or any of their respective associates, must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the Share Options requires such approval (except where the changes take effect automatically under the existing terms of the Share Option Scheme).

9. Adjustments to the Exercise Price

9.1. In the event of any alteration in the capital structure of the Company whilst any Share Option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, reduction of the share capital of the Company, then, in any such case the Company shall request the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

(a) the number or nominal amount of Shares to which the Share Option Scheme or any Share Option(s) relates (insofar as it is/they are unexercised); and/or

(b) the Exercise Price of any Share Option; and/or

(c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in a Share Option or which remain comprised in a Share Option, and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

(i) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole Share, for which such Grantee would have been entitled to subscribe had he/she exercised all the Share Options held by him/her immediately prior to such adjustment;

(ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(iii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(iv) any such adjustment shall be made in compliance with such rules, codes and guidance notes of the Stock Exchange from time to time.

Subject to compliance with the requirements as provided in this paragraph 9, if there is any [**REDACTED**], rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the number of Share Options shall be made in accordance with the Stock Exchange's FAQ number 072-2020 in relation to Chapter 17 of the Listing Rules (the "**FAQ**"). The method of adjustment is set out as below:

(a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$Q = Q0 \times (1 + n)$

Where: "Q0" represents the number of Share Options before the adjustment; "n" represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; "Q" represents the number of Share Options after the adjustment.

(b) Consolidation of Shares or share subdivision or reduction of the share capital

$Q = Q0 \times n$

Where: "Q0" represents the number of Share Options before the adjustment; "n" represents the ratio of consolidation or share subdivision or reduction of share capital; "Q" represents the number of Share Options after the adjustment.

(c) Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: "Q0" represents the number of Share Options before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the subscription price of the rights issue; "n" represents the ratio of allotment; "Q" represents the number of Share Options after the adjustment.

Subject to compliance with the requirements as provided in this paragraph 9, [**REDACTED**], rights issue, sub-division or consolidation of Shares or reduction of capital of the Company prior to the exercise of the Share Options, an adjustment to the Exercise Price shall be made in accordance with the FAQ. The method of adjustment is set out below:

(a) Conversion of capital reserve into new Shares, issue of bonus Shares or share subdivision

$$P = P0 \div (1 + n)$$

Where: "P0" represents the Exercise Price before the adjustment; "n" represents the ratio per Share of the conversion of capital reserves into new Shares, issue of bonus Shares or share subdivision; "P" represents the Exercise Price after the adjustment.

(b) Consolidation of Shares or share subdivision or reduction of the share capital

$$P = P0 \div n$$

Where: "P0" represents the Exercise Price before the adjustment; "n" represents the ratio of consolidation or share subdivision or reduction of share capital; "P" represents the Exercise Price after the adjustment.

(c) Rights issue

$$P = P0 \times (P1 + P2 \times n) \div (P1 \times (1 + n))$$

Where: "P0" represents Exercise Price before the adjustment; "P1" represents the closing price as at the record date; "P2" represents the Exercise Price of the rights issue; "n" represents the ratio of allotment; "P" represents the Exercise Price after the adjustment. In respect of any adjustment referred to in this paragraph 9.1, other than any adjustment made on a [**REDACTED**], the auditors or such independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

9.2. If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with paragraph 6.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 9.1.

9.3. In giving any certificate under this paragraph 9, the auditors or the independent financial adviser appointed under paragraph 9.1 shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby. The costs of the auditors or the independent financial adviser to the Company shall be borne by the Company.

10. Cancellation of Share Options Granted

10.1. Subject to paragraph 6.1 and Chapter 17 of the Listing Rules, any Share Option granted but not exercised may not be cancelled except with the prior written consent of the relevant Grantee and the approval of the Directors.

10.2. Where the Company cancels any unvested Share Option granted to a Grantee or any vested (but not exercised) Share Option and issues new Share Option(s) to the same Grantee, the issue of such new Share Option(s) may only be made with available Scheme Limit, Service Provider Sublimit or the limits approved by the Shareholders pursuant to paragraph 8.5.

10.3. The Share Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit (and the Service Provider Sublimit).

11. Alteration of the Share Option Scheme

11.1. Subject to paragraphs 11.2 to 11.4, the Share Option Scheme may be altered in any respect by a resolution of the Directors except that:

(a) any alteration to the provisions of the Share Option Scheme which are of a material nature; and

(b) any alteration to the provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules to the advantage of Grantees;

must be approved by a resolution of the Shareholders in general meeting.

11.2. Any change to the terms of Share Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Options was approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) in accordance with the terms of the Share Option Scheme and Chapter 17 of the Listing Rules, unless the alterations take effect automatically under the existing terms of the Share Option Scheme.

11.3. Any change to the authority of the Directors or the administrators of the Share Option Scheme to alter the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

11.4. The amended terms of the Share Option Scheme and/or any Share Options pursuant to this paragraph 11 must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

11.5 Where the terms of the Share Option Scheme are amended, the Company shall, immediately upon such changes taking effect, provide to all Eligible Participants all details relating to changes in the terms of this Share Option Scheme during the life of this Share Option Scheme.

12. Termination of the Share Option Scheme

The Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered, but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Share Options (to the extent not already exercised) granted or any Share Options exercised but reaming outstanding prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme, and Share Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. Details of the Share Options granted, including Share Options exercised or outstanding, under the Share Option Scheme must be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established or refreshment of scheme mandate limit under any existing scheme after such termination.

Present status of the Share Option Scheme

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for [**REDACTED**] of and [**REDACTED**] in the Shares which fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

9. OTHER INFORMATION

A. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

B. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor's fees payable by us in respect of the Sole Sponsor's services as sponsor for the [**REDACTED**] is HK$[**REDACTED**].

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the [**REDACTED**] of, and [**REDACTED**] in, the Shares in issue and to be issued pursuant to the [**REDACTED**] (including the additional Shares which may be issued pursuant to the exercise of the [**REDACTED**] and the options which may be granted under the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into [**REDACTED**].

C. 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 30 April 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

D. Deed of Indemnity

Pursuant to the Deed of Indemnity given by each of our Controlling Shareholders in favour of our Company (and its subsidiaries) and conditional on the [**REDACTED**], our Controlling Shareholders have agreed and undertaken to jointly and severally agree, covenant and undertake with each of the member of our Group that he/it will indemnify each of the members of our Group in respect of, among other matters, taxation falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things earned, accrued or received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the [**REDACTED**].

However, the indemnities given by our Controlling Shareholders under the Deed of Indemnity do not cover, and our Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

(a) to the extent that provision has been made for such taxation in the audited consolidated accounts of our Group or the audited accounts of any of the members of our Group for an accounting period up to 30 April 2023; or

(b) to the extent that such taxation or liability falling on any members of our Group in respect of any accounting period commencing on or after 1 May 2023 and ending on the [**REDACTED**] unless such liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), without the prior written consent or agreement of any of our Controlling Shareholders, otherwise than any such act, omission or transaction:

  (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 1 May 2023; or

  (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 April 2023 or pursuant to any statement of intention made in this document; or

(c) to the extent that such taxation claim arises or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the laws, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority in the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation or taxation claim after the date of the Deed of Indemnity with retrospective effect; or

(d) to the extent of any provision or reserve made for such liability in the audited accounts of any member of our Group up to 30 April 2023 and which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries.

E. Taxation of Holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.26% of the consideration or, if higher, the 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.

(b) Cayman Islands

Under present Cayman Islands law, 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 advisers

Intending holders of Shares 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 [**REDACTED**] Shares or exercising any rights attaching to them. It is emphasised that none of our Company, the Directors or the other parties involved in the [**REDACTED**] can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or [**REDACTED**] in Shares or exercising any rights attaching to them.

F. Miscellaneous

(a) Save as disclosed in the paragraph headed "1. Further Information about our Company" in this section above, within the two years immediately preceding the date of this document:

  (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

  (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

  (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) no commission has been paid or payable (except commissions to the [**REDACTED**]) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of any member of our Group;

(v) no founders, management or deferred shares of our Company or any of its subsidiaries has been issued or agreed to be issued;

(b) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(c) our Company has no outstanding convertible debt securities or debentures;

(d) 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;

(e) there is no arrangement under which future dividends are waived or agreed to be waived; and

(f) no company within our Group is presently listed on any stock exchange or traded on any trading system.

G. Qualifications of Experts

The following are the qualifications of experts who have opined or advised on information contained in this document:

Name	**Qualification**
Rainbow Capital (HK) Limited	Licensed corporation under the SFO permitted to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Tian Yuan Law Firm	PRC Legal Advisers
BDO Limited	Certified public accountants
Appleby	Legal adviser as to Cayman Islands laws
Frost & Sullivan	Industry consultant

H. Consents of Experts

Each of the experts stated in the paragraph headed "9. Other Information – G. Qualifications of Experts" in this section has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears. None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

I. Promoter

Our Company has no promoter for purposes 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 be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document.

J. Preliminary Expenses

The preliminary expenses incurred by our Company in respect of our incorporation were approximately HK$24,000 and were paid by our Company.

K. Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of binding all persons concerned by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

L. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the [**REDACTED**];

(b) a copy of each of the material contracts referred to in the paragraph headed "Appendix IV – Statutory and General Information – 6. Further Information about Our Business – A. Summary of Material Contracts" in this document; and

(c) the written consents referred to in the paragraph headed "Appendix IV – Statutory and General Information – 9. Other Information – G. Consents of Experts" in this document.

2. DOCUMENTS ON DISPLAY

Copies of the following documents will be be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at [www.youmeimu.com] up to and including the date which is 14 days from the date of this document:

(a) the Memorandum and the Articles;

(b) the Accountants' Report prepared by BDO Limited, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the three years ended 31 December 2020, 2021 and 2022 and the four months ended 30 April 2023;

(d) the report from BDO Limited on unaudited [**REDACTED**] financial information, the text of which is set out in Appendix II to this document;

(e) the PRC legal opinions issued by Tian Yuan Law Firm, our PRC Legal Advisers, in respect of certain aspects of our Group and our property interests in the PRC;

(f) the letter of advice prepared by Appleby, our legal adviser as to the laws of the Cayman Islands, summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this document;

(g) the market research report prepared by Frost & Sullivan, our industry consultant, the extracts of which is set out in the section headed "Industry Overview" in this document;

(h) the Share Option Scheme;

(i) the material contracts referred to in the paragraph headed "Appendix IV – Statutory and General Information – 6. Further Information about Our Business – A. Summary of Material Contracts" in this document;

(j) the written consents referred to in the paragraph headed "Appendix IV – Statutory and General Information – 9. Other Information – G. Consents of Experts" in this document;

(k) the service contracts referred to in the paragraph headed "Appendix IV – Statutory and General Information – 7. Further Information about our Directors and Substantial Shareholders – B. Particulars of Directors' Service Contract and Appointment Letters" in this document; and

(l) the Companies Act.