天泓文创

Icon Culture Global Co.Ltd

Icon Culture Global Company Limited

天泓文創國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8500

SHARE OFFER

Sole Sponsor

Innovax Capital

Sole Bookrunner and Sole Lead Manager

Innovax Securities

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Icon Culture Global Company Limited
天泓文創國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	**:**	**45,000,000 Shares (subject to the Offer Size Adjustment Option)**
Number of Public Offer Shares	**:**	**4,500,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**40,500,000 Shares (subject to reallocation and the Offer Size Adjustment Option)**
Offer Price	**:**	**Not more than HK$1.98 per Offer Share (payable in full in Hong Kong dollars on application plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund) and expected to be not less than HK$1.38 per Offer Share**
Nominal Value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**8500**

Sole Sponsor

Innovax Capital Limited

Sole Bookrunner and Sole Lead Manager

Innovax Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by 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 prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Sole Bookrunner on the Price Determination Date, which is scheduled on or about Tuesday, 7 January 2020, or such later date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Offer Price will be not more than HK$1.98 per Offer Share and is currently expected to be not less than HK$1.38 per Offer Share unless otherwise announced. the Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.iconspace.com**.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Bookrunner on or before Monday, 13 January 2020 (or such other time as our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) may agree), the Share Offer will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act 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 U.S. Securities Act and in accordance with any applicable U.S. securities law. Prior to making any investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Share Offer should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) upon occurrence of any of the events set out in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

Should the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

30 December 2019

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement and gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

If there is any change for the following expected timetable of the Share Offer, we will issue an announcement on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.iconspace.com**.

	Date(Note 1)
Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Monday, 30 December 2019
Latest time for completing electronic applications under **eWhite Form** services through the designated website **www.ewhiteform.com.hk**(Note 2)	11:30 a.m. on Monday, 6 January 2020
Application lists for Public Offer open(Note 3)	11:45 a.m. on Monday, 6 January 2020
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Monday, 6 January 2020
Latest time to give electronic application instructions to HKSCC(Note 4)	12:00 noon on Monday, 6 January 2020
Latest time for completing payment of **eWhite Form** applications by effecting PPS payment transfer(s)	12:00 noon on Monday, 6 January 2020
Application lists for Public Offer close(Note 3)	12:00 noon on Monday, 6 January 2020
Expected Price Determination Date on or before(Note 5)	Tuesday, 7 January 2020
Announcement of the final Offer Price, indication of the levels of interest in the Offer, the levels of applications of the Public Offer, the basis of allotment and the results of applications in the Public Offer to be published in our Company's website at **www.iconspace.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Monday, 13 January 2020
Announcement of results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our Company's website at **www.iconspace.com** and the website of the Stock Exchange at **www.hkexnews.hk** (for further details, please refer to the section headed "How to Apply for the Public Offer Shares — 11. Publication of results" in this prospectus) on or before	Monday, 13 January 2020
Results of allocations in the Public Offer will be available at **www.ewhiteform.com.hk/results** with a "search by ID/Business Registration Number" function on	Monday, 13 January 2020

Despatch/collection of refund cheques or e-Refund payment instructions in respect of wholly or partially unsuccessful applications and wholly or partially successful applications in case the final Offer Price is less than the maximum Offer Price paid for the applications pursuant to the Public Offer on or before *(Notes 7 to 10)*	Monday, 13 January 2020
Despatch/collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or about *(Notes 6 to 9)*	Monday, 13 January 2020
Dealings in Shares on GEM expected to commence at 9:00 a.m. on	Tuesday, 14 January 2020

The application for the Public Offer Shares will commence on Monday, 30 December 2019 through Monday, 6 January 2020, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Monday, 13 January 2020. Investors should be aware that the dealings in the Shares on GEM are expected to commence on Tuesday, 14 January 2020.

Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structures of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.ewhiteform.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 January 2020, the application lists will not open on that day. For further details, please refer to the section headed "How to Apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus.

4. Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

5. The Price Determination Date is expected to be on or about Tuesday, 7 January 2020. If, for any reason, the Offer Price is not agreed on or before Monday, 13 January 2020 between our Company and the Sole Bookrunner, the Share Offer will not proceed and will lapse accordingly.

6. Share certificates for the Public Offer Shares are expected to be issued on Monday, 13 January 2020 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 14 January 2020 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

7. Applicants who have applied on **WHITE** Application Form(s) or through **eWhite Form** for 1,000,000 Public Offer Shares or more and have provided all information required on their Application Forms or application instructions may collect their refund cheques (where relevant) and/or share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, from 9:00 a.m. to 1:00 p.m. on Monday, 13 January 2020 or any other day as announced by us as the date of despatch of share certificates/refund cheques. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

8. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more and have provided all information required on their Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

9. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for the Public Offer Shares — 14. Despatch/collection of share certificates and refund monies" in this prospectus.

10. Refund cheques or e-Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$1.98 per Offer Share. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$1.98 per Offer Share, applicants must pay the maximum Offer Price of HK$1.98 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed "How to Apply for the Public Offer Shares" in this prospectus. If you apply through the **eWhite Form services** by paying the application monies through a single bank account, you may have e-Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **eWhite Form** services by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website (**www.ewhiteform.com.hk**) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong Identity Card number/ passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the firstnamed applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong Identity Card number/ passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

11. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus 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 public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer.

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

OVERVIEW

We are an integrated multimedia advertising and marketing solution service provider based in Guangzhou, the PRC and offer advertising and marketing solutions covering (i) traditional offline media including both OOH and indoor advertising platforms; (ii) online media; and (iii) PR, marketing campaigns and other services to our customers comprising brand owners, state-owned entities in the PRC, advertising agencies and government authorities. Our integrated multimedia advertising and marketing solution service primarily focused on the formulation of advertising strategies for our customers, and identifying and sourcing the most appropriate advertising resources and formats to maximise the effectiveness of our customers' advertisements.

Established in 2009, we strive to provide holistic solutions to our customers, including strategic planning, formulation of advertising solutions, provision and sourcing of advertising spaces, content production, co-ordination with advertising platforms, execution of advertisements, organisation of PR events and other promotional activities, as well as evaluation of the effectiveness of the advertisements. Our management team, in particular Ms. Cai and Ms. Liang (who joined our Group in July 2016 and June 2017 respectively), have played a vital role in re-positioning our Group as an integrated multimedia advertising and marketing solution service provider. Under their leadership, we have diversified our exclusive advertising resources, expanded our media operation and marketing team, and expanded our client base to include a number of well-known brands throughout the Track Record Period. During the period from 14 March 2017 to 14 December 2018, the shares of Icon Media, our indirect wholly-owned subsidiary, were quoted on the NEEQ.

Leveraging on our extensive experience in the advertising industry and our proven track record, we served over 180 customers from a wide spectrum of industries. In addition, by virtue of the experience and reputation of Ms. Cai and Ms. Liang in the industry, together with their successful business strategies, we were able to expand our service offerings and advertising resources to attract more customers to engage us for our advertising and marketing solution services. During the Track Record Period, our advertising and marketing solution services were offered in different industries linking with many well-known brand owners which include: (1) entertainment and leisure industry: Chimelong Group; (2) internet industry: (i) Tencent Group; and (ii) an interactive entertainment company in Asia; (3) household essentials and beauty-care industry: Liby Group; (4) banking and finance industry: (i) Guangdong Huaxing; and (ii) a leading joint stock large-scale commercial bank in the PRC and whose shares are listed on the PRC and the Hong Kong stock exchanges; (5) insurance industry: Hengqin Life Insurance* (橫琴人壽); (6) property industry: KINGOLD Group, which is a connected person of our Group; (7) catering industry: Imperial Palace* (潮皇食府); (8) food & beverages: (i) a renowned Chinese medicine manufacturer in Hong Kong and in the PRC which focuses on production of traditional Chinese herbal remedies; and (ii) a renowned local milk brand in Guangzhou; and (9) automotive industry: (i) one of the largest sport utility vehicle and pick-up truck producers in the PRC whose shares are listed on the Stock Exchange; and (ii) one of the largest and luxurious car producers in the world whose shares are listed on the Frankfurt stock exchange.

With almost 10 years of operating history, we have established relationships with suppliers of media resources, including TV channels, owners of offline out-of-home advertising spaces in shopping malls, lifts, buses, and terminals (subway and railway). We generated approximately 81.2%, 80.9% and 81.8% of our revenue from the provision of advising and marketing solutions using traditional offline media for FY2017, FY2018 and 1H2019, respectively. As at the Latest Practicable Date, we had certain exclusive advertising spaces in Guangzhou South Railway Station, Shenzhen Futian Transportation Hub, China Railway's 12306 online ticketing system, elevators and lobbies in a number of commercial buildings and housing estates, a shopping mall and a golf club in Guangzhou, the PRC. During the Track Record Period, we generated revenue of approximately RMB8.5 million, RMB24.6 million and RMB22.0 million from our exclusive advertising spaces, representing approximately 5.9%, 11.8% and 29.2% of our revenue for FY2017, FY2018 and 1H2019, respectively.

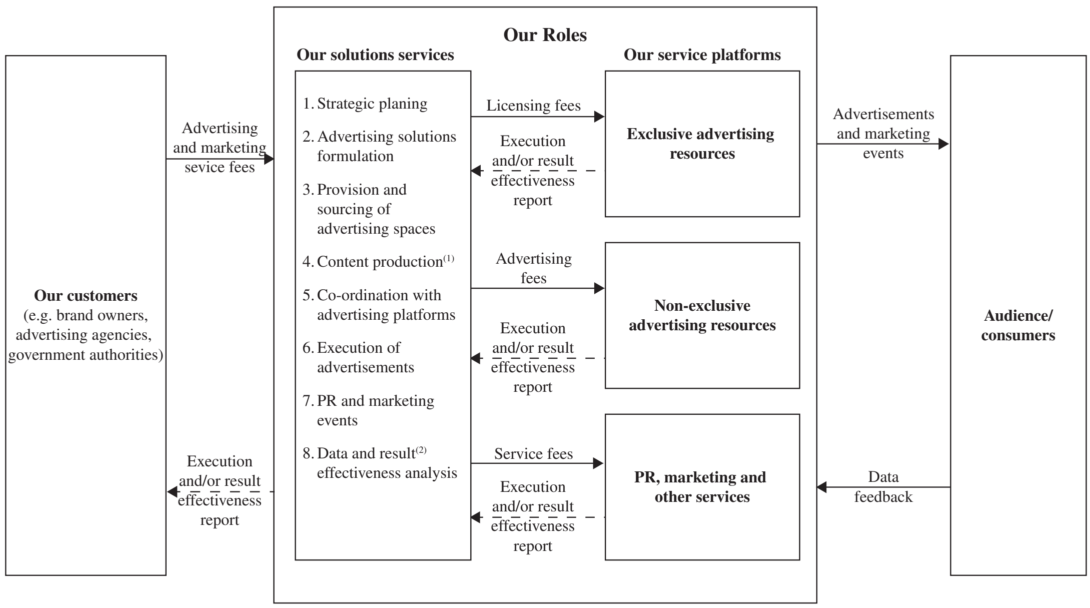
With the development of technology and the internet, our Group also provides online multi-channels advertising solutions to our customers. During the Track Record Period, we were able to offer a wide range of online advertising resources based on preferences and behavior of internet users including social media and e-commerce platforms with the internet media giants in the PRC. We recorded revenue of approximately RMB14.2 million, RMB14.5 million and RMB7.6 million from our provision of online media advertising services, for FY2017, FY2018 and 1H2019, respectively.

We believe our holistic services and diversified coverage of traditional offline and online media platforms would allow us to adapt to the rapidly changing advertising industry, enabling us to identify appropriate and effective advertising and marketing resources to satisfy the needs of our customers. Our Group recorded a substantial growth in revenue from approximately RMB143.8 million for FY2017 to RMB208.9 million for FY2018, and from approximately RMB67.2 million for 1H2018 to approximately RMB75.6 million for 1H2019.

According to the iResearch Report, advertising revenue (including both online and traditional offline advertising) is expected to grow continuously at a CAGR of 18.8% from RMB797.3 billion in 2019 to RMB1,589.8 billion in 2023. 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.

OUR BUSINESS MODEL

We offer integrated multimedia advertising and marketing solutions to our customers by assisting our customers in formulating advertising strategies, identifying and sourcing the appropriate advertising spaces, and evaluating the effectiveness of the advertisements following the completion of the advertising projects. The following chart sets forth our business model in providing integrated multimedia advertising and marketing solutions to our customers during the Track Record Period:



Notes:

(1) Although content production is part of our integrated service chain, it may not be an integral component of our services to some of our customers who 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.

(2) We would provide advertisement placement reports to generally all our customers as part of the advertisement monitoring process and also as a proof of the advertisement placement. Depending on the needs of our customers, we would also provide effectiveness evaluation report to certain customers, mainly with new advertising formats/ resources or advertising campaigns of extensive scale.

OUR ADVERTISING RESOURCES AND SERVICES

We generated our revenue from the provision of (i) advertising services using exclusive advertising resources; (ii) advertising services using non-exclusive advertising resources; and (iii) PR, marketing campaigns and other marketing services during the Track Record Period. Set out below is a breakdown of our revenue derived from the provision of integrated multimedia advertising and marketing services during the Track Record Period:

	Year ended 31 December				**Six months ended 30 June**			
	2017		**2018**		**2018**		**2019**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Exclusive advertising resources	8,451	5.9	24,639	11.8	10,848	16.1	22,022	29.2
Non-exclusive advertising resources	122,552	85.2	158,834	76.0	53,363	79.5	47,453	62.7
PR, marketing campaigns and other services	12,762	8.9	25,468	12.2	2,986	4.4	6,150	8.1
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

The majority of our revenue was generated from the provision of advertising services using non-exclusive advertising resources which accounted for approximately 85.2%, 76.0% and 62.7% of our revenue for FY2017, FY2018 and 1H2019, respectively. During the Track Record Period, the revenue generated from our exclusive advertising resources increased significantly from approximately RMB8.5 million in FY2017 to approximately RMB24.6 million in FY2018, and from approximately RMB10.8 million for 1H2018 to approximately RMB22.0 million for 1H2019. Such increase was mainly attributable to the addition of exclusive advertising resources secured since the fourth quarter of 2017, namely: (i) the exclusive right to publish advertisement via the journey reminder SMS service of the 12306 online ticketing system of China Railway (November 2017); (ii) certain exclusive advertising spaces at Guangzhou South Railway Station (January 2018); (iii) certain exclusive advertising spaces at Shenzhen Futian Transportation Hub (April 2018); and (iv) the expansion of our Visual Media (flat-panel and frame displays) network in commercial buildings.

(i) Exclusive advertising resources

We have entered into licensing arrangements for certain exclusive advertising spaces, where we were granted the exclusive right from the licensors to use such spaces for the provision of advertising and marketing services to our customers, and such advertising spaces are situated at (a) Shenzhen Futian Transportation Hub; (b) Guangzhou South Railway Station; and (c) LCD flat-panel displays and frame displays registered under our brand name Visual Media and located inside elevators and at lobbies in a shopping mall and a number of commercial buildings and housing estates in Guangzhou, the PRC. We also have the exclusive right to publish advertisements via the journey reminder SMS service of the 12306 online ticketing system of China Railway.

(ii) Non-exclusive advertising resources

During the Track Record Period, our provision of integrated multimedia advertising services through non-exclusive resources can be divided into two areas: (a) offline non-exclusive advertising resources including indoor advertising platform and OOH advertising platform; and (b) online non-exclusive advertising resources and others. During the Track Record Period, we helped our customer place advertisements in various TV and radio channels such as CCTV – 1 General Channel, Henan Provincial TV Station Metropolis Channel No. 2, Henan Provincial TV Station, Guangzhou Radio FM105.2 and Guangzhou Radio FM106.1. Through our network of non-exclusive OOH resources, our customers' advertisements were displayed in a variety of public transportation facilities throughout China including (i) metro systems; (ii) bus systems; (iii) ferry systems; (iv) high-speed railway stations; (v) airports; (vi) expressways, and (vii) housing estates, shopping malls and commercial buildings located in major cities of the PRC.

(iii) PR, marketing campaigns and other services

Apart from the provision of advertising services using our exclusive and non-exclusive advertising resources, we also provided PR, marketing campaigns and other services to assist our customers to promote their brands, services and products during the Track Record Period.

The following table sets out our revenue breakdowns during the Track Record Period:

	Year ended 31 December				**Six months ended 30 June**			
	2017		**2018**		**2018**		**2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Exclusive advertising resources in/at								
— Certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station	—	—	6,263	3.0	2,786	4.1	10,720	14.2
— 16 housing estates and a golf club	6,721	4.7	11,171	5.4	4,973	7.4	3,006	4.0
— A shopping mall and 4 commercial buildings	1,730	1.2	3,000	1.4	1,631	2.4	1,551	2.1
— 12306 online ticketing system	—	—	4,205	2.0	1,458	2.2	6,745	8.9
	8,451	5.9	24,639	11.8	10,848	16.1	22,022	29.2

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
Non-exclusive advertising resources through the following channels								
— OOH-Public transports	59,238	41.2	42,892	20.5	23,414	34.8	10,555	13.9
— OOH-Housing estates	26,948	18.7	16,238	7.8	7,350	11.0	8,167	10.7
— OOH-Shopping malls and commercial buildings	3,335	2.3	12,524	6.0	4,461	6.7	26,449	35.0
— Indoor-Television	14,875	10.3	70,325	33.6	14,133	21.0	—	—
— Indoor-Radio	—	—	6,572	3.1	—	—	1,415	1.9
— Indoor-Newspapers	3,989	2.8	18	0.1	—	—	—	—
— Online media advertising services	14,167	9.9	10,265	4.9	4,005	6.0	867	1.2
	122,552	85.2	158,834	76.0	53,363	79.5	47,453	62.7
PR, marketing campaigns and other services	12,762	8.9	25,468	12.2	2,986	4.4	6,150	8.1
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

During the Track Record Period, the traditional offline media advertising services segment represented our largest business segment, which included media advertising services on television and other broadcasting channels, public transportation hubs, transportation terminals, newspapers, elevators and lifts to our customers. The provision of traditional offline media advertising services represented approximately 81.2%, 80.9% and 81.8% of our revenue for FY2017, FY2018 and 1H2019, respectively.

OUR CUSTOMERS

Our customers are brand owners (including state-owned enterprises in the PRC), advertising agencies and government authorities.

For FY2017, FY2018 and 1H2019, the revenue derived from our five largest customers accounted for approximately 83.0%, 78.0% and 77.7%, respectively of the total revenue of our Group, whilst the largest customer of the respective periods accounted for approximately 41.2%, 41.0% and 34.8% of the total revenue of our Group for the same periods. Our Directors confirm that save for KINGOLD Group, whose transactions with our Group accounted for approximately 12.1%, 9.5% and 2.4%, respectively of the total revenue of our Group during the Track Record Period, all of our top five customers during the Track Record Period are Independent Third Parties and none of our Directors, their respective close associates or any Shareholder (who or which, to the best knowledge of our Directors, owned more than 5% of the number of our issued Shares as at the Latest Practicable Date) has or had any interest in any of our five largest customers for FY2017, FY2018 and 1H2019. For further details of the transaction between our Group and the connected persons, please refer to the section headed "Continuing Connected

Transactions" in this prospectus. All of our five largest customers are based in the PRC. Based on the iResearch Report which analysed the customer concentrations of certain advertising companies listed on the stock exchange in Hong Kong, Shanghai and Shenzhen as well as a number of companies quoted on the NEEQ, our Directors are of the view that it is not uncommon in this business and industry that the top customers account for a large proportion of the total revenue.

We endeavor to strengthen our business relationships with our existing customers. Out of the 78, 135 and 70 customers that we served for FY2017, FY2018 and 1H2019, 36, 69 and 26 customers were new customers; and 42, 66 and 44 customers were repeated customers for the corresponding periods, respectively.

Given (a) our ability to attract new customers; (b) our plans to strengthen our business relationships with existing customers and increase our recurring income; (c) our expansion plan to other geographical areas in the PRC; and (d) our capability to maintain our revenue growth, our Directors are of the view that we will be able to control the risk of customer concentration and expand and increase our market share in the PRC. Accordingly, our Directors are of the view that customer concentration would not impact our Group's suitability for the Listing.

PRICING POLICY

We determine our service fee on a project-by-project basis, taking into account factors including (a) nature of services required; (b) scale and complexity of the project and the timeframe involved; (c) fees charged by our suppliers; (d) our profit margin; and (e) the amount of discount offered to our customers.

OUR SUPPLIERS

During the Track Record Period, we generally sourced the following from our suppliers: (i) advertising resources; (ii) marketing and promotional materials; and (iii) various production services such as content, stage design, visual effect display, etc.. Our five largest suppliers accounted for approximately 51.1%, 48.4% and 68.1%, respectively, of our total cost of sales for FY2017, FY2018 and 1H2019. Our largest supplier accounted for approximately 22.6%, 22.5% and 39.0%, respectively, of our total cost of sales for the same periods. During the Track Record Period, all of our top five suppliers were Independent Third Parties. None of our Directors, their respective close associates or any Shareholder (who or which, to the best knowledge of our Directors, owned more than 5% of the number of our issued shares as at the Latest Practicable Date) has or had any interest in any of our five largest suppliers for FY2017, FY2018 and 1H2019.

During the Track Record Period, we procured advertising spaces from Guangzhou KINGOLD and Asia-Pacific Club. It is expected that Guangzhou KINGOLD and Asia-Pacific Club will continue to provide us with these advertising spaces following the Listing. For details of the provision of advertising spaces by Guangzhou KINGOLD and Asia-Pacific Club, please refer to the section headed "Continuing Connected Transactions — Continuing connected transactions fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements" in this prospectus.

Overlapping of customers and suppliers

During the Track Record Period, a total of three major customers were also our suppliers, among which two are independent and another being KINGOLD Group. During our normal and ordinary course of business, we procured advertising spaces from these independent advertising agencies for an aggregate amount of approximately RMB25.2 million, RMB19.0 million and RMB6.9 million in FY2017, FY2018 and 1H2019, respectively, representing approximately 22.6%, 11.3% and 11.9% of our cost of sales in the corresponding periods. These independent advertising agencies also procured advertising spaces from us for their customers and we generated relevant revenue of approximately RMB3.5 million, RMB4.6 million and RMB1.8 million in FY2017, FY2018 and 1H2019, respectively, representing approximately 2.5%, 2.2% and 2.4% of our total revenue in the corresponding periods. However, the sales transactions and the supply transactions are not related.

During the Track Record Period, our Group generated approximately RMB17.4 million, RMB19.9 million and RMB1.8 million in FY2017, FY2018 and 1H2019, respectively, from the provision of advertising and marketing solution services to certain members of KINGOLD Group, representing approximately 12.1%, 9.5% and 2.4% of our total revenue in the corresponding periods. For the same periods, we procured advertising spaces from Guangzhou KINGOLD and Asia-Pacific Club for an amount of approximately RMB2.2 million, RMB2.4 million and RMB1.2 million, respectively, representing approximately 2.0%, 1.4% and 2.1% of our total cost of sales. Our Directors have confirmed that the supply transactions and the sales transactions are not related.

COMPETITIVE STRENGTHS

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

- we have proven track record in providing integrated multimedia advertising and marketing solution services;
- we have a loyal and diverse base of customers;
- we have exclusive OOH advertising resources and exclusive advertising spaces at key locations with widespread coverage;
- we have established business relationships with a wide range of strategic partners; and
- we have an experienced and dedicated management team with proven track record.

BUSINESS STRATEGIES

Our key business strategies are to:

- increase coverage of our exclusive advertising resources;
- actively expand our customer base and sales by extending business coverage and service offerings; and
- develop and enhance our big data and information technology infrastructure.

MARKET COMPETITION

The advertising market of China is an integral market where the market landscape, competitiveness and barriers of entry in various regions are similar. While customer care and service depends much on face-to-face meetings, the ultimate delivery of advertising services is hardly restricted by geographical boundaries particularly with the increasing popularity of online advertising, which further blurs geographical boundaries in implementing marketing strategies, bringing revolutionary changes to the advertising industry. Customers in current advertising environment need advertising companies without boundaries i.e. companies with many specialisms, along with the ability to assemble them and evolve them fast according to customers' needs. Therefore, local and regional players will generally compete with each other for business based on (i) advertiser and media resources; (ii) technical and data capabilities; (iii) content creation ability; and (iv) industry experience.

According to the iResearch Report, there were approximately 1.4 million advertising service providers operating in the PRC in 2018, representing an increase of approximately 22.5% from 2017. The total marketing service size in terms of revenue in the PRC was approximately RMB482.2 billion in 2018. The marketing service industry is highly fragmented and market competition has been intensifying, where the top ten marketing service providers whose shares are listed on domestic main boards of stock exchanges in the PRC and Hong Kong accounted for 16.9% of the total market in terms of revenue in 2018. Our Group contributed 0.04% of the total marketing service providers market in the PRC in 2018. Please refer to the section headed "Industry Overview — Integrated marketing services in the PRC — Competitive landscape analysis" in this prospectus for further details.

HIGHLIGHTS OF RISK FACTORS

Our business is subject to a number of risks, including but not limited to risks relating to our business, the PRC advertising industry, the operations in the PRC in general and the Share Offer. You should read the entire section headed "Risk Factors" in this prospectus carefully. The major risks relating to our Group include:

- our business during the Track Record Period was concentrated on certain customers with whom we have not entered into long term contracts, and losing anyone of them could result in a material adverse impact on our financial performance and business prospects;
- we may not be able to retain or renew our existing supply of advertising resources or obtain new advertising resources for our customers, which may lead to loss of customers and business;
- the income from a significant portion of our business is generally project-based and non-recurring in nature and our future business depends on our continuous ability in securing new projects;
- failure to effectively manage our credit risk associated with credit terms granted to our customers and/or delay in settlement of trade receivables from our customers could materially and adversely impact our operating cashflow and may result in significant impairment losses on our trade receivables which in turn would have a material adverse impact on our business operations, results of operation and financial condition;
- we have experienced and may continue to experience net cash outflow from operating activities, and we cannot assure you that we can maintain sufficient net cash inflows from operating activities;
- expansion of our business to provide more online media advertising services will expose us to failure of the operations of third-party online media advertising platforms, and there is no assurance that such expansion to offer more online media advertising services will be successful; and
- if we fail to attract, recruit or retain our key personnel including our executive Directors, senior management and key employees, our ongoing operations and growth could be affected.

KEY FINANCIAL AND OPERATIONAL DATA

The below summary of consolidated historical financial information for FY2017, FY2018 and 1H2019 should be read together with the consolidated historical financial information in the Accountants' Report as set out in Appendix I to this prospectus, together with the accompanying notes, which have been prepared in accordance with the HKFRS.

Consolidated statements of profit or loss

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Revenue	143,765	208,941	67,197	75,625
Cost of sales	(111,493)	(167,699)	(52,952)	(57,739)
Gross profit	32,272	41,242	14,245	17,886
Other revenue	1,139	2,798	1,955	695
Other net loss	(202)	(1,468)	(221)	(37)
Selling expenses	(3,416)	(3,321)	(2,278)	(1,213)
Administrative expenses	(6,559)	(14,049)	(4,256)	(16,372)
Profit from operations	23,234	25,202	9,445	959
Finance costs	(38)	(485)	(120)	(407)
Profit before taxation	23,196	24,717	9,325	552
Income tax	(5,934)	(6,245)	(2,391)	(2,217)
Profit/(loss) for the year/period	17,262	18,472	6,934	(1,665)

Our administrative expenses increased from approximately RMB4.3 million for 1H2018 to approximately RMB16.4 million for 1H2019. Such increase was primarily due to (i) the listing expenses of approximately RMB11.2 million incurred during the period; and (ii) the impairment loss of other receivables of approximately RMB1.5 million representing refundable sum contributed by our Group for venue decoration and promotion activities of an event in Hebei province, which we strategically participated in for the first time to expand business coverage and promote our Group.

The net loss of approximately RMB1.7 million for 1H2019 was mainly due to the listing expenses of approximately RMB11.2 million incurred during the period. Should non-recurring listing expenses of approximately RMB11.2 million incurred for 1H2019 be excluded, our profit for the period would increase by approximately 37.7% from approximately RMB6.9 million for 1H2018 to approximately RMB9.5 million for 1H2019.

During the Track Record Period, our revenue increased from approximately RMB143.8 million for FY2017 to approximately RMB208.9 million for FY2018, representing a growth of approximately 45.3%, mainly due to (i) an increase in revenue generated from traditional offline media advertising services segment which increased by RMB52.2 million or 44.7% from approximately RMB116.8 million for FY2017 to approximately RMB169.0 million for FY2018 because under the leadership of Ms. Cai and Ms. Liang, we secured exclusive OOH advertising resources such as those located at Guangzhou South Railway Station in January 2018 and those at Shenzhen Futian Transportation Hub in April 2018; (ii) a significant increase in revenue generated from PR, marketing campaign and other services by approximately RMB12.7 million to approximately RMB25.5 million for FY2018; and (iii) a substantial growth in revenue generated from TV advertising with one of our top five customers. Our revenue increased from approximately RMB67.2 million for 1H2018 to approximately RMB75.6 million for 1H2019. Such increase was mainly due to (i) an increase in revenue generated from online advertising services segment by approximately RMB2.1 million as a result of an increase in the revenue from 12306 online ticketing system; (ii) an increase in revenue generated from traditional offline media advertising services segment by approximately RMB3.1 million as a result of the increase in revenue generated from non-exclusive advertising spaces at shopping malls and commercial buildings by approximately RMB21.9 million from one of our top five customers in placing advertisements at over 30 shopping malls in various provinces, which increase was partially offset by a decrease in revenue generated from TV advertising resources by approximately RMB14.1 million mainly resulted from the reduced demand from one of our major customers in placing advertisements on television.

Our cost of sales mainly comprises publishing costs for non-exclusive advertising resources, production costs for advertisement and events, licence fees and staff costs. The cost of sales increased from approximately RMB111.5 million for FY2017 to approximately RMB167.7 million for FY2018, which was driven by an increase in publishing costs for non-exclusive advertising resources by approximately RMB40.0 million for the procurement of television advertising resources for one of our top five customers; and an increase in production costs by approximately RMB8.9 million mainly as a result of a joint marketing event which we collaborated with various services providers such as production houses and design houses to implement innovative marketing techniques to combine the elements of an online game with Chimelong theme park facilities. The cost of sales increased from approximately RMB53.0 million for 1H2018 to approximately RMB57.7 million for 1H2019, which was driven by the increase in licence fees for exclusive resources by approximately RMB5.7 million primarily due to the full-period effect of the cost associated with the advertising spaces at Shenzhen Futian Transportation Hub (commenced in April 2018) reflected in 1H2019.

The Chimelong Project was completed in August 2018. If our Group is unable to secure PR event of similar scale as the Chimelong Project during the second half of 2019, our Group expects the gross profit of the PR, marketing campaigns and other services segment for FY2019 to decrease. Please refer to the section headed "Financial Information — Summary of results of operations" in this prospectus for further details.

Gross profit and gross profit margin

For FY2017, FY2018 and 1H2019, our gross profit was approximately RMB32.3 million, RMB41.2 million and RMB17.9 million, respectively, and our gross profit margin was approximately 22.4%, 19.7% and 23.7% for the same periods, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by the advertising resources and services during the Track Record Period:

	For the year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Exclusive advertising resources in/at								
— Certain advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station	—	—	(1)	(0.1)	973	34.9	3,339	31.1
— 16 housing estates and a golf club	4,067	60.5	8,163	73.1	3,076	61.9	1,596	53.1
— A shopping mall and 4 commercial buildings	1,256	72.6	2,465	82.2	1,352	82.9	1,365	88.0
— 12306 online ticketing system	—	—	2,813	66.9	872	59.8	4,759	70.6
	5,323	**63.0**	**13,440**	**54.5**	**6,273**	**57.8**	**11,059**	**50.2**
Non-exclusive advertising resources through the following channels								
— Public transports	20,095	33.9	7,604	17.7	6,422	27.4	1,074	10.2
— Housing estates	323	1.2	98	0.6	130	1.8	90	1.1
— Shopping malls and commercial buildings	25	0.7	3,535	28.2	128	2.9	2,678	10.1
— Indoor (including TV, radio and newspaper)	137	0.7	3,454	4.5	55	0.4	618	43.7
— Online media	1,958	13.8	2,791	27.2	398	10.0	89	10.3
	22,538	**18.4**	**17,482**	**11.0**	**7,133**	**13.4**	**4,549**	**9.6**
PR, marketing campaigns and other services	4,411	34.6	10,320	40.5	839	28.1	2,278	37.0
	32,272	22.4	41,242	19.7	14,245	21.2	17,886	23.7

The gross profit margin arising from exclusive advertising resources is generally higher than that of non-exclusive advertising resources. The higher gross profit margin arising from exclusive advertising resources is primarily due to upfront payment we made to lock up the advertising spaces and less third-party intermediaries were involved in the exclusive arrangement.

Summary of consolidated statements of financial position

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	10,587	17,242	13,176
Current assets	71,100	112,202	148,618
Current liabilities	25,499	51,515	119,644
Net current assets	45,601	60,687	28,974
Total assets less current liabilities	56,188	77,929	42,150
Non-current liability	2,458	5,727	1,671
Net assets	53,730	72,202	40,479

Our net current assets increased by approximately 33.1% from approximately RMB45.6 million as at 31 December 2017 to approximately RMB60.7 million as at 31 December 2018, primarily due to an increase in trade and other receivables of approximately RMB39.2 million arising from (i) an increase in revenue for FY2018; and (ii) an increase in average trade receivables turnover days from 36.8 days for FY2017 to 69.9 days for FY2018, which was net off by the increase in trade and other payables of approximately RMB20.2 million. Our net current assets decreased significantly from approximately RMB60.7 million as at 31 December 2018 to approximately RMB29.0 million as at 30 June 2019, primarily due to an increase in trade and other payables of approximately RMB73.9 million mainly arising from the declaration of dividend of RMB30.0 million in April 2019 and the payable to then shareholders of approximately RMB48.7 million arising from the Reorganisation, which was net off by an increase in trade and other receivables of approximately RMB36.0 million mainly due to the receivables from shareholders of approximately RMB36.4 million arising from the Reorganisation.

Our net assets increased from approximately RMB53.7 million as at 31 December 2017 to approximately RMB72.2 million as at 31 December 2018. Such increase was mainly due to the combined impact of (i) an increase in net current assets of approximately RMB15.1 million; and (ii) an increase in non-current assets of approximately RMB6.6 million primarily due to the increase in right-of-use assets with respect to new leases secured at Guangzhou South Railway Station and Shenzhen Futian Transportation Hub, which was partially offset by an increase in non-current liabilities of approximately RMB3.3 million resulting from lease liabilities with respect to the aforesaid leases. Our net assets decreased to approximately RMB40.5 million as at 30 June 2019. Such decrease was mainly due to a decrease in net current assets as a result of the combined effect of (i) the declaration of dividend of RMB30.0 million in April 2019; and (ii) the payable to then shareholders of approximately RMB48.7 million arising from the Reorganisation, which was partially offset by the receivables from shareholders of approximately RMB36.4 million arising from the Reorganisation and a decrease in trade payables of approximately RMB8.9 million.

Summary of consolidated statements of cash flows

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Operating cash flow before changes in working capital	23,336	33,170	11,391	7,369
Net cash used in operating activities	(1,118)	(1,712)	(22,507)	(7,328)
Net cash (used in)/generated from investing activities	(20,683)	15,160	13,248	1,039
Net cash generated from/(used in) financing activities	19,435	(5,667)	(1,768)	8,542
Net (decrease)/increase in cash and cash equivalents	(2,366)	7,781	(11,027)	2,253
Cash and cash equivalents at the beginning of year/period	30,593	28,227	28,227	36,008
Effect of exchange rate changes	—	—	—	(60)
Cash and cash equivalents at the end of year/period	28,227	36,008	17,200	38,201

We recorded a negative operating cash flow of approximately RMB1.1 million, RMB1.7million and RMB7.3 million for FY2017, FY2018 and 1H2019, respectively. This was primarily due to the increase in trade and other receivables of approximately RMB14.5 million, RMB38.4 million during FY2017 and FY2018 and the decrease in trade and other payables of approximately RMB6.1 million for 1H2019 excluding dividend payables and payables arising from the Reorganisation which were not part of our operating activities, respectively. In particular, to maintain amicable relationship with our customers, we generally grant credit periods to our customers whereas, in line with the industry norm, we are generally required to make prepayments to our suppliers to secure advertising spaces and to maintain exclusivity of various valuable advertising resources. We are also required to make upfront payment as licensing fees. The credit period granted by our suppliers are also generally shorter than the credit periods we generally grant to our customers. On the other hand, our customers which use our online advertising resources were generally required to settle their payments within 120 days from the publication of advertisements. In view of the above, there were often time lags between making payments to our suppliers and receiving payments from our customers, which resulted in cash flow mismatch. In particular, during 1H2019, our average trade receivable turnover days were significantly longer than our average trade payable turnover days for the same period by 85.4 days.

While the timing difference of payments to our suppliers and receipts from our customers has a significant impact on our working capital position and also our net cash movement during the Track Record Period, our Group has and will continue to adopt the following measures to avoid imposing undue pressure on our working capital and improve our liquidity: (i) we will closely communicate with our customers and suppliers to monitor the collection of receivables and the payment of payables to maintain better cashflow position; (ii) our management will continue to negotiate more favorable terms with our suppliers to lower the amount of upfront licence fees for our exclusive advertising resources and the proportion of our prepayment to suppliers of our non-exclusive advertising resources. In December 2018, we extended our payment and contract period with Zhongxintong, being the supplier of the 12306 online ticketing system. In May 2019, our management was able to negotiate a new form of exclusive contract with one of our suppliers where we are not required to make upfront payment to become exclusive agent for our customers in the industry sectors of property and tourism. Instead, we will enter into individual agreements with our customers and we will pay our supplier a certain percentage of the charging rates published by the supplier of the advertising spaces. Therefore, the absence of upfront payment in the arrangement lessened our cash flow burden and as such has a positive impact on our liquidity. For details, please refer to the section headed ‘‘Business — Our advertising resources and services — A. Exclusive advertising resources — (i) Certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station’’; (iii) we will compile cashflow and sales forecast regularly to assist the management to monitor our cash position and to determine the amount of payment we are able to make to secure advertising spaces for our customers; and (iv) we will identify and look for alternative funding sources to sustain and expand our business operations, when necessary. We also believe that the proceeds generated from the Share Offer will strengthen our working capital. For details, please refer to the sections headed ‘‘Financial Information — Liquidity and resources’’ and ‘‘Statement of Business Objectives and Use of Proceeds — Reasons for the Share Offer’’ in this prospectus.

SUMMARY OF KEY FINANCIAL RATIOS

	As at/Year ended 31 December		As at/Six months ended 30 June
	2017	**2018**	**2019**
Gross profit margin (%)	22.4	19.7	23.7
Net profit/(loss) margin (%)	12.0	8.8	(2.2)
Current ratio (times)	2.8	2.2	1.2
Return on equity (%)	32.1	25.6	N/A
Return on total assets (%)	21.1	14.3	N/A

For details, please refer to the section headed ‘‘Financial Information — Summary of key financial ratios’’ in this prospectus.

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal, accounting and other advisers for their services rendered in relation to the Listing and the Share Offer. The estimated total listing expenses (based on the mid-point of the Offer Price range) for the Share Offer are approximately HK$31.9 million. We incurred listing expenses of approximately HK$0.3 million in FY2018 and HK$16.3 million for 1H2019, including approximately HK$0.2 million and HK$12.4 million that has been expensed through the consolidated statements of profit or loss for FY2018 and 1H2019, respectively and HK$4.0 million that has been recorded within trade and other receivables on the statements of financial position as at 30 June 2019. We expect to incur additional listing expenses of HK$15.3 million in connection with the Share Offer, of which an estimated amount of HK$6.4 million is expected to be expensed through the statements of profit or loss and the remaining amount of HK$8.9 million is expected to be recognised directly as a deduction from equity upon the Listing. We emphasise that the amount of the listing expenses is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for FY2019 is subject to adjustment based on audit and any possible changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for FY2019 would be materially and adversely affected by the listing expenses mentioned above.

USE OF PROCEEDS

We estimate the net proceeds of the Share Offer which we will receive, assuming an Offer Price of HK$1.68 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus, and assuming that the Offer Size Adjustment Option is not exercised), will be approximately HK$43.7 million, after deduction of underwriting fees and commissions and estimated expenses incurred by us in connection with the Share Offer, which is approximately HK$31.9 million.

We intend to apply such net proceeds from the Share Offer (based on the Offer Price of HK$1.68, the mid-point of the Offer Price range) for the following purposes:

	From the Listing Date to 31 December 2019	For the six months ending 30 June 2020	For the six months ending 31 December 2020	For the six months ending 30 June 2021	For the six months ending 31 December 2021	Total	Approximate percentage of net proceeds
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(%)*
Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	—	14,720	9,128	996	—	23,848	54.6
Expand our business coverage in growing regions and our spectrums of service offerings	—	8,208	4,458	—	—	12,666	29.0
Enhance our big data platforms	—	907	900	900	88	2,795	6.4
General working capital	—	2,330	2,038	—	—	4,368	10.0
	—	**26,165**	**16,524**	**900**	**88**	**43,677**	**100.0**

The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the indicative Offer Price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term interest-bearing bank accounts with licensed banks and/or financial institutions.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Offer Size Adjustment Option is not exercised.

	Based on an Offer Price of HK$1.38 per Share	Based on an Offer Price of HK$1.98 per Share
Market capitalisation(1)	HK$248.4 million	HK$356.4 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share(2)	HK$0.50	HK$0.63

Notes:

(1) The calculation of market capitalisation is based on 180,000,000 Shares expected to be issued and outstanding following completion of the Share Offer, which does not take account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate.

(2) The unaudited pro forma adjusted consolidated net tangible assets and the unaudited pro forma adjusted consolidated net tangible assets per Share are arrived on the basis of 180,000,000 Shares in issue following completion of the Share Offer at the respective Offer Prices of HK$1.38 per Share and HK$1.98 per Share.

APPLICATION FOR THE HONG KONG PUBLIC OFFER SHARES

The application for the Public Offer Shares will commence on Monday, 30 December 2019 through Monday, 6 January 2020, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Monday, 13 January 2020. Investors should be aware that the dealings in the Shares on GEM are expected to commence on Tuesday, 14 January 2020.

DIVIDEND

For FY2017 and FY2018, our Group did not declare or pay any dividend. In April 2019, a subsidiary of our Group declared a dividend in the sum of RMB30.0 million to our then shareholders which was fully settled with our internal resources in August 2019.

The declaration of future dividend will be subject to the decision of our Board and will depend on, among other things, our operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements and other factors as it may deem relevant at such time. For details, please refer to the section headed "Financial Information — Dividend" in this prospectus.

OUR SHAREHOLDING STRUCTURE

Immediately after the completion of the Share Offer and the Capitalisation Issue (without taking into account of our Shares which may be issued pursuant to the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme), our Company will be owned by Shining Icon, Master Connection, Focus Wonder and Sense One as to 38.7%, 7.5%, 18.75% and 10.05%, respectively. Shining Icon, Master Connection, Focus Wonder and Sense One are wholly owned by Mr. Chow, Mr. Lau, Ms. Cai and Mr. Chow, respectively. Accordingly, Shining Icon, Sense One and Mr. Chow are our Controlling Shareholders.

LEGAL AND REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group had complied with the applicable laws and regulations in relation to our business in all material respects, and there were no material breaches or violations of the laws or regulations applicable to us that would have a material adverse effect on our business or financial position taken as a whole. As at the Latest Practicable Date, save for the legal proceedings between Icon Media and one of our suppliers, details of which are set out in the section headed "Business — Legal proceedings" in this prospectus, none of the members of our Group or our Directors was engaged in any litigation or claim or arbitration of material importance which was, to the best knowledge of our Directors, pending or threatened against any member our Group or our Directors.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into various related party transactions with (i) Chaohuang Restaurant, Guangdong Foreign Business Centre, and Asia-Pacific Club, which are majority-controlled companies indirectly held by Mr. Chau, father of Mr. Chow, our Controlling Shareholder, executive Director and Chairman of the Board; (ii) KINGOLD and its subsidiaries, which is indirectly controlled as to 97% by Mr. Chau; and (iii) Guangdong Huaxing, which is held as to 20% by KINGOLD. Our Group provided media services to its related parties and generated revenue of approximately RMB19.8 million for FY2017, approximately RMB22.7 million for FY2018 and approximately RMB2.9 million for 1H2019, representing approximately 13.8%, 10.9% and 3.9% of our revenue during the Track Record Period. Our Group also procured advertising resources from its related parties, incurring cost of sales of approximately RMB2.2 million for FY2017, approximately RMB2.5 million for FY2018 and approximately RMB1.2 million for 1H2019, representing approximately 2.0%, 1.5% and 2.1% of our cost of sales during the Track Record Period. We paid KINGOLD Group approximately RMB0.6 million, approximately RMB1.1 million and approximately RMB0.5 million during the Track Record Period for rental and property management services for our office premises in Guangzhou. For more details of our related party transactions, please refer to note 26 of the Accountants' Report as set out in Appendix I to this prospectus and the section headed "Financial Information — Transactions with related parties" in this prospectus.

Our Directors have confirmed that the related party transactions entered into during the Track Record Period were entered into after arm's length negotiations, fair and reasonable, on normal commercial terms and were not more favourable to those offered by our Group to other Independent Third Parties for transactions of similar nature. Based on the foregoing, our Directors are of the view that the aforesaid related party transactions would not distort our financial results during the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

To maintain our valuable exclusive advertising resources, we have (i) extended our existing exclusive rights to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system until 31 December 2020; and (ii) entered into a new licensing arrangement for certain exclusive advertising spaces situated at Guangzhou South Railway Station for the period ending 30 April 2022. For details on these arrangements, please refer to the section headed "Business — Our advertising resources and services" in this prospectus.

Further, as our long-term agreement with Liby Group, one of our top five customers during the Track Record Period, is still subsisting until 31 December 2019, we expect to continue to generate a substantial portion of our revenue from this customer for FY2019. In September 2019, we have also entered into a framework agreement with Megahive, acting as the designated advertising agent of Liby Group, to further renew the contract period for three years from 1 January 2020 to 31 December 2022 on similar terms at a total non-legally binding contract sum of RMB250 million, among which RMB13.0 million has been contracted as at the Latest Practicable Date.

On 13 December 2019, we entered into a supplemental agreement with Zhongxintong, pursuant to which the term of our original contract, regarding the exclusive right to publish our customers' advertisements via the journey reminder SMS/MMS service of 12306.cn in Guangdong, was further extended to 31 December 2020.

As at the Latest Practicable Date, we had a number of ongoing contracts which are expected to generate revenue for FY2020 or thereafter, details of which are set forth in the table below:

	Number of projects	Total contract sum *(RMB'million)*	Contract values of services expected to be rendered for the year ending 31 December 2020 or thereafter *(RMB'million)*
Exclusive advertising resources	21	28.9	14.4
Non-exclusive advertising resources	9	88.7	13.9*(Note)*
PR, marketing campaigns and other services	3	0.1	—
Total	33	117.7	28.3

Note: It does not include the uncontracted portion of RMB237.0 million as at the Latest Practicable Date in relation to the framework agreement with Megahive.

Subsequent to the Track Record Period and up to the date of this prospectus, other than the non-recurring listing expenses incurred or expected to be incurred, our Directors have confirmed that: (i) there has been no material adverse change in the market conditions and the industry and regulatory environment in which our Group operates that affects our financial or trading position materially and adversely; (ii) there has been no material adverse change in the business model, revenue structure, cost structure, and prospects of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report in Appendix I to this prospectus.

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

"1H2018"	the six months ended 30 June 2018
"1H2019"	the six months ended 30 June 2019
"Accountants' Report"	the accountants' report of our Group prepared by KPMG, the text of which is set out in Appendix I to this prospectus
"Aosheng Media"	Aosheng Media (Shenzhen) Co., Ltd.* (奥盛傳媒(深圳)有限公司), a company established under the laws of the PRC with limited liability, and one of our major customers
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
"Articles" or "Articles of Association"	the articles of association of our Company adopted on 11 December 2019 and with effect from the Listing Date and as amended from time to time, a summary of which is set forth in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board of Directors" or "Board"	the board of Directors
"Business Day(s)"	any day on which licensed 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"	the British Virgin Islands
"Capitalisation Issue"	the issue of 134,999,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "History, Reorganisation and Corporate Structure" in this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
"CCASS Custodian Participant(s)"	person(s) admitted to participate in CCASS as custodian participant(s)

"CCASS Investor Participant(s)"	person(s) admitted to participate in CCASS as investor participant(s) who may be an individual or joint individuals or corporation(s)
"CCASS Operational Procedures"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant(s)"	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
"Chairman"	chairman of our Board
"Chimelong Group"	Chimelong Group Company Limited* (廣州長隆集團有限公司), a company established under the laws of the PRC with limited liability, and one of our major customers
"Chimelong Project"	the engagement by (i) Guangzhou Chimelong theme park, and (ii) Zhuhai Chimelong theme park to formulate and execute an innovative crossover sales and marketing campaign for their Chimelong Summer Fun
"China" or "PRC"	the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Co-Managers"	collectively, Marketsense Securities Limited and Pulsar Capital Limited
"Companies Law" or "Cayman Companies Law"	the Companies Law (Cap 22 (Law 3 of 1961)) 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 Registry"	the Companies Registry of Hong Kong
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or modified from time to time

"Company", "our Company", "we" or "us"	Icon Culture Global Company Limited (天泓文創國際集團有限公司), an exempted company incorporated in the Cayman Islands on 24 April 2019 with limited liability and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 19 June 2019
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and unless the context requires otherwise, refers to Mr. Chow, Shining Icon and Sense One
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules, as amended, supplemented or otherwise modified from time to time
"Deed of Indemnity"	the deed of indemnity dated 11 December 2019 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries) to provide certain indemnities, particulars of which are set out in the section headed "Appendix IV. Statutory and General Information — F. Other information — 1. Tax and other indemnities" in this prospectus
"Deed of Non-competition"	the deed of non-competition dated 11 December 2019 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries), particulars of which are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus
"Director(s)"	the director(s) of our Company
"EIT Law"	Enterprise Income Tax Law of the PRC
"electronic application instruction(s)"	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Offer Shares
"Focus Wonder"	Focus Wonder Limited, a company incorporated under the laws of the BVI with limited liability on 16 April 2019, which is wholly owned by Ms. Cai, and one of our Substantial Shareholders
"FY2017"	the financial year ended 31 December 2017
"FY2018"	the financial year ended 31 December 2018
"FY2019"	the financial year ending 31 December 2019

"FY2020"	the financial year ending 31 December 2020
"GDP"	gross domestic product
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended, supplemented and/or otherwise modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **eWhite Form** Service Provider
"Group" or "our Group" or "we" or "us"	our Company and our subsidiaries at the relevant time or, where the context refers to any time prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the businesses carried on by such subsidiaries or (as the case may be) our predecessors, and "we", "our" or "us" shall be construed accordingly
"Guangdong Huaxing"	Guangdong Huaxing Bank Co., Ltd.* (廣東華興銀行股份有限公司), a company established under the laws of the PRC and is held as to 20% by KINGOLD
"Guangzhou KINGOLD"	Guangzhou KINGOLD Property Co., Ltd.* (廣州僑鑫物業有限公司), a company established under the laws of the PRC and is a member of KINGOLD Group, and a connected person of our Company
"**eWhite Form**"	the application for issue of Public Offer Shares in the applicant's own name by submitting applications online through the designated website at **www.ewhiteform.com.hk**
"**eWhite Form** Service Provider"	the **eWhite Form** service provider designated by our Company, as specified on the designated website at **www.ewhiteform.com.hk**
"HKFRS"	Hong Kong Financial Reporting Standards promulgated by HKICPA
"HKICPA"	The Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited, our Company's Hong Kong branch share registrar and transfer office
"Hong Kong dollar(s)" or "HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Xi Investment"	Guangzhou Hong Xi Investment Development Co., Ltd.* (廣州泓熹投資發展有限公司), a company established under the laws of the PRC with limited liability on 8 March 2016, which is wholly owned by Icon Group, and a connected person of our Company
"Icon BVI"	Inspiring Chance Holding Limited, a company incorporated under the laws of the BVI with limited liability on 30 April 2019, which is wholly owned by our Company
"Icon Group"	Guangzhou Icon Group Co., Ltd.* (廣州天泓集團有限公司) (formerly known as Guangdong Icon Trading Co., Ltd.* (廣東天泓貿易有限公司)), a company established under the laws of the PRC with limited liability on 1 February 2016, which is wholly owned by Mr. Chow, and a connected person of our Company
"Icon HK"	Shining Glow Limited, a company incorporated under the laws of Hong Kong with limited liability on 20 May 2019, which is our indirect wholly-owned subsidiary and wholly owned by Icon BVI
"Icon Media"	Guangzhou Icon Culture Media Investment Co., Ltd.* (廣州天泓文化傳媒投資有限公司) (formerly known as Guangzhou Icon Media Co., Ltd.* (廣州天泓傳媒有限公司) and Guangzhou Icon Media Joint-stock Co., Ltd.* (廣州天泓傳媒股份有限公司)), a company established under the laws of the PRC with limited liability on 26 June 2009, which is our indirect wholly-owned subsidiary and wholly owned by Icon HK
"Icon Wenchuan"	Guangdong Icon Wenchuan Technology Co., Ltd.* (廣東天泓文傳科技有限公司), a company established under the laws of the PRC with limited liability on 13 September 2017, which was wholly owned by Icon Media. Icon Wenchuan was deregistered on 29 December 2018

"Independent Third Party(ies)"	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the GEM Listing Rules) with any of our Directors, chief executive or Substantial Shareholders of our Company or our subsidiaries or any of their respective associates
"iResearch"	Shanghai iResearch Co., Ltd., an independent market research and consulting company engaged by our Company and an Independent Third Party
"iResearch Report"	the industry report prepared by iResearch and commissioned by our Company, the content of which is quoted in this prospectus
"KINGOLD"	KINGOLD Group Co., Ltd.* (僑鑫集團有限公司), a company established under the laws of the PRC with limited liability on 13 April 1995, which is a majority-controlled company (within the meaning of the GEM Listing Rules) of Mr. Chau, and a connected person of our Company
"KINGOLD Group"	KINGOLD and its subsidiaries, including but not limited to Guangzhou KINGOLD, Guangzhou Dongqi Real Estate Development Co., Ltd.* (廣州東企房地產開發有限公司), Imperial Springs Health Hospital (Guangzhou) Co., Ltd.* (從都生命健康管理醫院(廣州)有限公司), Imperial Springs Centre for Health Management* (從都國際生命健康管理有限公司) and Imperial Springs International Co., Ltd.* (從都國際企業有限公司). Each member of KINGOLD Group is a connected person of our Group
"Latest Practicable Date"	21 December 2019, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Liby Group"	Guangzhou Liby Enterprise Group Co., Ltd.* (廣州立白企業集團有限公司), a company established under the laws of the PRC with limited liability, and one of our major customers
"Listing"	the listing of our Shares on GEM
"Listing Date"	the date, expected to be on or about Tuesday, 14 January 2020, on which dealings in our Shares first commence on GEM
"Listing Department"	the Listing Department of the Stock Exchange (with responsibility for GEM)
"majority-controlled company"	has the meaning ascribed to it under Chapter 20 of the GEM Listing Rules

"Master Connection"	Master Connection Limited, a company incorporated under the laws of the BVI with limited liability on 16 April 2019, which is wholly owned by Mr. Lau, and one of our Shareholders
"Megahive"	Guangzhou Megahive Media Co., Ltd.* (廣州蜂群傳媒有限公司), a company established under the laws of the PRC with limited liability, and one of our major customers
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company adopted on 11 December 2019, a summary of which is set out in Appendix III to this prospectus as amended, supplemented or otherwise modified from time to time
"Mingrui Interactive"	Beijing Mingrui Interactive Technology Culture Communication Co., Ltd.* (北京明睿互動科技文化傳播有限公司), a company established under the laws of the PRC with limited liability, and one of our major customers
"MOFCOM"	the Ministry of Commerce of the PRC or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC
"Mr. Chau"	Mr. Chau Chak Wing (周澤榮), father of Mr. Chow
"Mr. Chow"	Mr. Chow Eric Tse To (周子濤), one of our Controlling Shareholders, Chairman and executive Director
"Mr. Lau"	Mr. Lau Tung Hei Derek (劉東曦), our executive Director and the sole shareholder of Master Connection
"Mr. Liu"	Mr. Liu Biao (劉標), our executive Director
"Ms. Cai"	Ms. Cai Xiaoshan (蔡曉珊), our executive Director and Substantial Shareholder
"Ms. Liang"	Ms. Liang Wei (梁薇), our executive Director and chief executive officer
"NASDAQ"	National Association of Securities Dealers Automated Quotations
"NEEQ"	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) of the PRC
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$1.98 and expected to be not less than HK$1.38 per Offer Share

"Offer Share(s)"	45,000,000 Shares being offered by our Company for subscription at the Offer Price under the Share Offer, together with, where relevant, additional new Shares that may be allotted pursuant to the exercise of the Offer Size Adjustment Option set forth in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Offer Size Adjustment Option"	the option granted by our Company to the Placing Underwriters exercisable by the Sole Bookrunner (on behalf of the Placing Underwriters), in its absolute discretion, to require our Company to issue and allot up to 6,750,000 additional new Shares representing up to 15.0% of the Offer Shares initially available, at the Offer Price, subject to the terms and conditions set out in the Underwriting Agreements, the particulars of which are set out in the section headed "Structure and Conditions of the Share Offer — Offer Size Adjustment Option" in this prospectus
"person"	any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise or entity
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters at the Offer Price in Hong Kong, as further described in the section headed "Structure and Conditions of the Share Offer — The Placing" in this prospectus
"Placing Shares"	the 40,500,000 Offer Shares initially being offered for subscription and purchase at the Offer Price under the Placing and such additional new Shares which may be issued and allotted pursuant to the Offer Size Adjustment Option (subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Placing Underwriter(s)"	the underwriter(s) that is/are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the underwriting agreement expected to be entered into on or around 7 January 2020 among our Company, the Controlling Shareholders, Mr. Chow and Ms. Cai (as executive Directors), the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Co-Managers, and the Placing Underwriter(s) relating to the Placing
"PRC government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them

"PRC Legal Advisers"	Dentons Law Offices, LLP (Guangzhou), a qualified PRC law firm as the PRC legal advisers to our Company for the Listing
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
"Price Determination Date"	the date on which the final Offer Price is to be determined by our Company and the Sole Bookrunner (for itself and on behalf of the other Underwriters), which is expected to be on or about Monday, Tuesday, 7 January 2020, or such later date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters)
"Proceeding"	has the meaning ascribed to it as set out in the section headed "Business — Legal proceedings" in this prospectus
"Public Offer"	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and the Application Forms, as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Shares"	the 4,500,000 Offer Shares being initially offered by us for subscription at the Offer Price under the Public Offer (subject to reallocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Public Offer Underwriter(s)"	the underwriter(s) of the Public Offer, whose name(s) are set out in the section headed "Underwriting — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the underwriting agreement dated 27 December 2019 entered into among our Company, the Controlling Shareholders, Mr. Chow and Ms. Cai (as executive Directors), the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Co-Managers, and the Public Offer Underwriters relating to the Public Offer
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Minority Shareholders"	Ms. Cai, Focus Wonder, Mr. Lau and Master Connection
"Renminbi" or "RMB"	Renminbi, the lawful currency for the time being of the PRC
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus

"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, further details of which are set out in the section headed "Appendix IV. Statutory and General Information — A. Further information about our Company — 6. Repurchase by our Company of its own securities" in this prospectus
"SAFE"	the State Administration of Foreign Exchange of the PRC
"Sense One"	Sense One Limited, a company incorporated under the laws of the BVI with limited liability on 17 April 2019, which is wholly owned by Mr. Chow, and one of our Controlling Shareholders
"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 a nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of Shares
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 11 December 2019, a summary of principal terms of which is set out in the section headed "Appendix IV. Statutory and General Information — D. Share Option Scheme" in this prospectus
"Shengshi Kaixuan"	Beijing Shengshi Kaixuan Media Culture Co., Ltd.* (北京盛世凱旋傳媒文化有限公司), a company established under the laws of the PRC with limited liability, and one of our major suppliers
"Shining Icon"	Shining Icon (BVI) Limited, a company incorporated under the laws of the BVI with limited liability on 16 April 2019, which is wholly owned by Mr. Chow, and one of our Controlling Shareholders
"Sole Bookrunner" or "Sole Lead Manager"	Innovax Securities Limited (創陞證券有限公司), a company incorporated in Hong Kong with limited liability on 12 July 2016. It is a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities

"Sole Sponsor"	Innovax Capital Limited (創陞融資有限公司), a company incorporated in Hong Kong with limited liability on 9 June 2014. It is a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Companies Ordinance
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the GEM Listing Rules and, for the purpose of this prospectus, refers to our Shareholders disclosed in the section headed "Substantial Shareholders" in this prospectus or, where the context so requires, any one of them
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, modified and supplemented from time to time
"Tencent Group"	Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 0700) and its subsidiaries and controlled structured entities
"Track Record Period"	FY2017, FY2018 and 1H2019
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollar(s)" or "US$"	United States dollar(s), the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations as promulgated thereunder
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Offer Shares to be issued in the applicants' own names
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require such Offer Shares to be deposited directly in CCASS
"Zhongxintong"	Shenzhen Zhongxintong Advertising Co., Ltd.* (深圳市中信通廣告有限公司), a company established under the laws of the PRC with limited liability, and one of our major suppliers

"Zun Hong Investment"	Guangzhou Zun Hong Investment Centre (Limited Partnership)* (廣州嶟泓投資中心(有限合夥)), a limited partnership registered in the PRC on 14 April 2016, was set up by Ms. Cai (as a general partner as to 50%) and Mr. Lau (as a limited partner as to 50%), and owned 20% equity interest in Icon Media before the Reorganisation
"%"	per cent.

Unless expressly stated or the context requires otherwise:

- *all dates and times in this prospectus refer to Hong Kong time unless otherwise stated.*
- *amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items;*
- *all data in this prospectus is as of the Latest Practicable Date;*
- *all references to any shareholdings in our Company assume no exercise of the Offer Size Adjustment Option unless otherwise specified;*
- *solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars or US dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts and US dollar amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB0.90 to HK$1.00.*

For ease of reference, the names of the PRC established companies, entities, laws and regulations have been included in this prospectus in both Chinese and English. The name in Chinese is the official name of each such company, entity, law or regulation (as the case may be), while that in English is only an unofficial translation, and in the event of any inconsistency, the Chinese name shall prevail.

* *For identification purposes only*

This glossary contains definitions of certain terms used in this prospectus in connection with our Company and our business. Some of these may not correspond to standard industry definitions or usage of these terms.

"5G"	fifth-generation cellular network technology, next-generation of mobile networks beyond long-term evolution (commonly known as "4G") mobile networks
"advertiser"	a person, organisation or company that places advertisements to target customers
"app"	a programme designed to run on a mobile device
"blog"	internet technology where the owner can publish posts to the general public and visitors can read the posts in chronological order and comment on the posts
"CAGR"	compound annual growth rate
"CG"	computer graphics or computer animation, digitally generated animated images
"conversion rate"	the percentage of users who complete a desired action
"coser"	participants of cosplay, a performance art in which cosers wear costumes and fashion accessories to represent a specific character
"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 non-performance-based pricing model where advertising is paid on the basis of thousand impressions
"e-commerce"	the buying and selling of products over the internet
"hard-sell advertising"	advertising appeals in which the objective is to induce rational thinking on the part of the receiver. These appeals tend to be direct, emphasising a sales orientation, and often specifying the brand names, product features and recommendations
"internet advertising"	a form of marketing and advertising which uses the internet to deliver promotional marketing messages
"IP"	a complete story or a concept that has the potential to be developed into film, drama, online game, music and any other commercial derived products
"KOL"	key opinion leader, a person or organisation who has expert product knowledge and influence in a respective field

"MMS"	multimedia messaging service, a standard way to send messages that include multimedia content to and from a mobile phone over a cellular network
"out-of-home" or "OOH"	advertising media that could reach customers when they are outside home. Major out-of-home advertising include billboards (e.g. posters and bulletins), street furniture, transit (minibuses, taxis, buses, airports and subway) and other places (e.g. cinemas and shopping malls) to promote business, products and/or services and includes digital and traditional (printing) out-of-home formats
"PR"	public relations, a marketing strategy used by businesses to build their image
"search engine advertising"	a form of internet advertising and marketing that involves the promotion of websites by increasing their visibility in search engine results pages through optimisation and advertising
"SMS"	short message service, a text messaging service component of telephone, internet and mobile-device systems
"social media"	the collective of online communication channels dedicated to community-based input, interaction, content-sharing, and collaboration
"soft-sell advertising"	advertising appeals in which human emotions are emphasised to induce an affective reaction from the viewer. These appeals and their sales messages tend to be subtle and indirect
"traffic"	the number of visitors and visits a web site receives
"VR"	virtual reality, an experience taking place within simulated and immersive environments that can be similar to or completely different from the real world
"WeChat"	WeChat (微信), a Chinese multi-functional instant messaging, social media and mobile payment app developed by Tencent. It offers wide range of functions and platforms such as WeChat public accounts and WeChat mini programs
"we-media"	independently operated social media accounts commonly seen on PRC-based online communication platforms and usually run by individual users

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed ''Summary and Highlights'', ''Risk Factors'', ''Industry Overview'', ''Business'', ''Financial Information'' and ''Statement of Business Objectives and Use of Proceeds'' in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed ''Risk Factors'' in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans to achieve these strategies;
- our capital expenditure and expansion plans; and
- our ability to identify and successfully take advantage of new business development opportunities.

The words ''aim'', ''anticipate'', ''believe'', ''continue'', ''could'', ''estimate'', ''expect'', ''going forward'', ''intend'', ''may'', ''might'', ''ought to'', ''plan'', ''potential'', ''predict'', ''seek'', ''should'', ''will'', ''would'' and the negative of these words and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC relating to any aspect of our business or operations;
- general economic, market and business conditions in China;
- macroeconomic policies of the PRC government;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, 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 prospectus 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 contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed ''Risk Factors'' in this prospectus.

Prospective investors should consider carefully all the information set out in this prospectus 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 Share Offer.

The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial condition and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus 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 prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our business during the Track Record Period was concentrated on certain customers with whom we have not entered into long term contracts, and losing anyone of them could result in a material adverse impact on our financial performance and business prospects

During the Track Record Period, a majority of our customers are located in the South China region. A significant portion of our revenue was derived from our top five customers who represented approximately 83.0%, 78.0% and 77.7% of our revenue for FY2017, FY2018 and 1H2019, respectively. We do not have extended relationships with our top five customers. For details of our top five customers and an analysis on the sustainability of our business in consideration of our reliance on our major customers, please refer to the section headed ‘‘Business — Our customers’’ in this prospectus.

We do not generally enter into long-term contracts with our customers and perform our services on a project-by-project basis. Further, our customers may have business relationships with other advertising agencies or providers of advertising platforms. If we fail to retain, deepen or expand our relationships with our customers or if our customers find that their expenditures on our advertising platform do not generate sufficient returns, they may reduce their advertising budgets or terminate their cooperation with us. For details of the agreements, please refer to the section headed ‘‘Business — Our customers — Long term agreements’’ in this prospectus. We cannot assure that we will be able to maintain our business relationship with any of our major customers or diversify our customer portfolio and there is no assurance that we will be able to secure new orders from other customers of similar volume and value. If we lose our existing customers and are not able to attract the same quality and/or quantity of new customers, our revenue and our business and prospects would be adversely affected.

Moreover, as most of our customers are key players in their respective industries in the PRC with a strong market position, we may have limited bargaining power and need to concede to certain requests made by these customers in order to maintain cordial relationships with them. We cannot guarantee that we could secure favourable terms in our contracts with these customers in the future.

We may not be able to retain or renew our existing supply of advertising resources or obtain new advertising resources for our customers, which may lead to loss of customers and business

Our business depends largely upon our ability to provide advertising resources to our customers. This, in turn, requires us to retain our existing advertising resources and obtain new advertising resources from suppliers to meet the marketing objectives of our customers. Our ability to retain these advertising resources depends on our relationship with suppliers and our performance under the advertising arrangements.

During the Track Record Period, revenue generated from our exclusive advertising resources for FY2017, FY2018 and 1H2019 represented approximately 5.9%, 11.8% and 29.2% of our revenue, respectively. For details of our exclusive advertising resources, please refer to the section headed "Business — Our advertising resources and services" in this prospectus. Our ability to generate revenue from our exclusive resources depends largely on whether we could renew our agreements with our suppliers. In addition to our exclusive advertising resources on China Railway's 12306 online ticketing system and certain exclusive advertising spaces at the Shenzhen Futian Transportation Hub and Guangzhou South Railway Station, a majority of our OOH resources are located at venues owned by Guangzhou KINGOLD, a connected person of our Company. Our agreement with Guangzhou KINGOLD for the provision of platforms and venues for our OOH resources will expire on 31 December 2021. For details of the agreement, please refer to the section headed "Continuing Connected Transactions — Continuing connected transactions fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements — 3. Provision of advertising spaces and materials by Guangzhou KINGOLD to our Group" in this prospectus. Our licence for our advertising resources on the 12306 online ticketing system and certain exclusive advertising spaces at the Shenzhen Futian Transportation Hub and Guangzhou South Railway Station will expire on 31 December 2020, 9 September 2020 and 30 April 2022, respectively. The negotiations with counterparties for the renewal of expiring long-term contracts usually begin 3 to 4 months before the expiry of the relevant contracts. We cannot assure you that we will be able to renew the agreements with them on satisfactory terms, or at all. If we are unable to maintain or expand our OOH resources and/or renew our exclusive licences going forward, our customers may decide to place their advertisements with our competitors or otherwise reduce their marketing spending with us. If any of the foregoing were to occur, our business, results of operations and financial condition may be materially and adversely affected.

Revenue generated from our non-exclusive advertising spaces for FY2017, FY2018 and 1H2019 represented approximately 85.2%, 76.0% and 62.7% of our revenue, respectively. Our five largest suppliers provided us with non-exclusive advertising resources and accounted for approximately 51.1%, 48.4% and 54.6%, respectively, of our total cost of sales for FY2017, FY2018 and 1H2019. Our largest supplier accounted for approximately 22.6%, 22.5% and 39.0%, respectively, of our total cost of sales for the same periods. For details, please refer to the section headed "Business — Our suppliers — Our Major Suppliers" in this prospectus. If the suppliers are unable to accept the terms and conditions of our procurement, which are primarily determined based on the choice of advertising platform and budget of our customers, they may choose not to supply their advertising spaces to us. If we are unable to find suitable alternative suppliers that can meet the marketing objectives and budget of our customers, our customers may reduce their marketing budget with us and our business, results of operations and financial condition will be materially and adversely affected.

To adapt to the rapidly changing market trend and consumer preferences, we may be asked by our customers to engage new suppliers of advertising resources. These new suppliers may refuse to supply their advertising spaces to us under the same terms and conditions of procurement as our competitors if they have a strong relationship with our competitors. If these new suppliers of advertising resources decide not to work with us, we cannot assure you that we will be able to expand our business, and our results of operations and financial condition may be materially and adversely affected.

The income from a significant portion of 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 income is primarily generated from our integrated multimedia advertising and marketing solution services. Our business model is in general project-based, where we charge our customers a fee for our integrated advertising solutions. As such, our revenue is generally non-recurring in nature. For FY2017, FY2018 and 1H2019, approximately 83.0%, 78.0% and 77.7%, respectively, of our revenue was derived from our five largest customers. 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 win the awards of projects in the future, and there is no assurance that our existing customers will invite us to tender when they have new projects. Our operations and financial results would be adversely affected if we are unable to win new projects or secure further projects from existing customers, which may lead to a decrease in the number of projects.

Failure to effectively manage our credit risk associated with credit terms granted to our customers and/or delay in settlement of trade receivables from our customers could materially and adversely impact our operating cashflow and may result in significant impairment losses on our trade receivables which in turn would have a material adverse impact on our business operations, results of operation and financial condition

Our cash flow may deteriorate due to material payment delays by our customers. During the Track Record Period, while our suppliers of advertising platforms generally require us to settle payment in full within a period of 10 days to 120 days after publication of the advertisements and on some occasions, before publication of the advertisements, we generally give customers that use our offline advertising resources credit terms ranging from 15 days to 180 days from the date of billing. For details, please refer to the section headed "Business — Our customers — Credit policy and payment terms" in this prospectus. Further, whilst we were generally required to make upfront payment to supplier of online advertising resources before the publication of advertisement, our customers that use our online advertising resources are generally required to settle their payment within 120 days from the date of billing. As such, in the event of payment delays by our customers, the timing difference in making payments to our suppliers and receiving payments from our customers would increase the risk of cash flow mismatch. During the Track Record Period, our average trade receivables turnover days for FY2017, FY2018 and 1H2019 were 36.8 days, 69.9 days and 142.7 days, respectively. Furthermore, during the Track Record Period, our impairment losses of trade and other receivables amounted to approximately RMB11,000, RMB521,000 and RMB1.5 million for FY2017, FY2018 and 1H2019, respectively. For details, please refer to the section headed "Financial Information" in this prospectus.

There is no assurance that our customers will settle their payments on time or at all. Delay or default in payments from our customers may pose difficulties for us to manage our working capital and may adversely impact our liquidity. The payment terms of our customers will generally be affected by their internal policies and market conditions. In the event that we fail to fully recover the outstanding amounts due from our customers, if at all, or if our customers fail to settle the amounts in a timely manner, we might have to raise funds to meet our payment obligations, and our cash flow and financial position would be materially and adversely affected.

We have a contractual dispute as at the Latest Practicable Date. If the dispute is not resolved in our favour, we may be liable to pay the damages and costs to the claimant

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in one legal proceeding (the "**Proceeding**") in respect of a dispute relating to an arrangement (the "**Arrangement**") between one of our suppliers (the "**Plaintiff**") and Icon Media, pursuant to which the Plaintiff intended to provide TV advertising platform in certain metro trains and stations in Shanghai to Icon Media. Up to the Latest Practicable Date, no written agreement has been signed between the parties in relation to the Arrangement. For details, please refer to the section headed "Business — Legal proceedings" in this prospectus.

There is no guarantee that the Proceeding will be resolved in our favour. If the Proceeding is not resolved in our favour, we may be liable for the full amount of claim initiated by the Plaintiff expected to be paid by us at approximately RMB7.3 million. According to the judgment of the Court of First Instance on 6 June 2018, Icon Media was ordered to pay (a) approximately RMB1.44 million representing the advertising fees plus relevant interest, (b) RMB160,000 as damages for breach of contract, and (c) approximately RMB19,000 representing the legal costs of the Proceeding. As at the Latest Practicable Date, the judgement was yet to be issued by the Appellate Court after the hearing on the Appeal. In addition, regardless of the outcome of the Proceeding, we will need to divert management resources and incur extra costs to handle the lawsuits. The Proceeding may lead to adverse media attention, which could affect our image and reputation.

We may not be able to continue to obtain government grants, which are non-recurring in nature

For FY2017, FY2018 and 1H2019, we recorded government grants of approximately RMB0.8 million, approximately RMB2.3 million and approximately RMB0.4 million, respectively. These government grants primarily represent subsidies received from local PRC governments to support our business development and are generally non-recurring in nature. We cannot guarantee that we will be able to continue to obtain government grants, which may have a material and adverse effect on our results of operations and profitability.

We have experienced and may continue to experience net cash outflow from operating activities, and we cannot assure you that we can maintain sufficient net cash inflows from operating activities

We recorded a negative operating cash flow of approximately RMB1.1 million, RMB1.7 million and RMB7.3 million for FY2017, FY2018 and 1H2019, respectively. This was partially due to the increase in trade and other receivables of approximately RMB14.5 million and RMB38.4 million during FY2017 and FY2018, respectively, and the decrease in trade and other payables of approximately RMB6.1 million for 1H2019, excluding dividend payables and payables arising from the Reorganisation which was not part of our operating activities. In particular, to maintain amicable relationship with our customers, we generally grant credit period to our customers. In line with the industry norm, we are generally required to make prepayments to our suppliers to secure the advertising spaces and to maintain exclusivity of various valuable advertising resources. The credit period granted by our suppliers are also generally shorter than the credit period we generally grant to our customers. As such, there is a time difference in making payments to our suppliers and receiving payments from our customers. We cannot assure that we will be able to record positive operating cash flow or positive total cash flow in the future. Our liquidity and financial position may be materially and adversely affected should our future operating cash flow become negative, and we can give no assurance that we will have sufficient cash from other resources to fund our operations.

Expansion of our business to provide more online media advertising services will expose us to failure of the operations of third-party online media advertising platforms, and there is no assurance that such expansion to offer more online media advertising services will be successful

During the Track Record Period, approximately 81.2%, 80.9% and 81.8% of our revenue, respectively, were generated from advertising services provided through the traditional media advertising platform. Based on the iResearch Report, the overall offline advertising market has experienced a decline from 2014 to 2018 at a negative CAGR of approximately 3.3%. In contrast, the size of the online advertising market has expanded from RMB154.6 billion to RMB484.4 billion from 2014 to 2018, with a CAGR of 33%. To capture the business opportunity, we intend to expand our business strategically in providing more online media advertising services to our customers. As the online media advertising platform is generally maintained by our suppliers, any unexpected technical or operational problems may have a material impact on our customers. This could adversely affect our business, results of operations and prospects.

Further, we may encounter difficulties in expanding our online media advertising services due to a number of reasons, such as:

- intense competition from companies already established in the online media advertising market;
- challenges in adapting to the rapidly changing market trend and consumer preferences;
- exposure to new regulations in the online media advertising market that may affect our business; and
- inability to attract and retain experienced personnel in the online media advertising industry.

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

Our gross profit margins could be affected by various factors such as the commercial terms of the contracts regarding the exclusive advertising resources, our customer mix, the type of services we offered, and competition in the advertising industry etc., which may be out of our control. There can be no assurance that we will be able to maintain our gross profit margins at a stable level in the future, and a decline in our gross profit margins will adversely affect our profitability and financial position

There can be no assurances that we will be able to maintain our gross profit margins at a stable level. In particular, we may not be able to maintain our relatively high gross profit margin arising from our exclusive OOH and online advertising resources, which is primarily attributable to upfront payment we made to lock up the advertising spaces and less third-party intermediaries were involved in the exclusive arrangement. We may not be able to further secure exclusive advertising resources with high profit margin in the future with intensive market competition with other advertising and marketing solution service providers. In the event we are unable to secure the contract regarding exclusive advertising resources on the 12306 online ticketing system for any reason, our gross profit margin may be adversely affected. In addition, for the two years ended 31 December 2018, we recorded an overall decrease in our gross profit margin from approximately 22.4% to 19.7%, respectively. Our gross profit margins are affected by the type of advertising resources and the service mix of our advertising services. During the Track Record Period, we generated revenue primarily from provision of traditional media advertising services. Our gross profit margins may vary for each of the services and projects attributable to the mix of advertising services depending on factors such as the choice of advertising platform, the type of services provided, the cost of services and pricing strategies.

In addition, our gross profit margin for our advertising business may fluctuate to a material extent for the following reasons, including but not limited to:

- changes in customers' preference and budget;
- intensified competition in the advertising industry and potential downward pressure on advertising prices;
- availability of quality advertising space and platforms;
- effectiveness of our advertising strategies and mix of advertising services; and
- changes in government policies or general economic conditions,

which are, to a large extent, beyond our control. Accordingly, we cannot guarantee that our gross profit margins will not fluctuate from time to time. If there is any decline in our gross profit margins in the future or if we fail to sustain a stable gross profit margin, our profitability and financial position may be adversely affected.

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

Our Group's operations depend on our Directors and a number of senior executives who are directly involved in our Group's management. Please refer to the section headed "Directors and Senior Management" in this prospectus. The future success of our Group depends, to a large extent, on the performance of this management team and their continued service to our Group.

In particular, Mr. Chow, our executive Director, founder and the Chairman, has been with our Group since it was established in 2009. He has been responsible for the overall strategic planning and business direction of our Group and played an important role in the growth and success of our business. Furthermore, Ms. Cai has over 17 years of experience in the media industry and is an executive Director of our Group whilst Ms. Liang has over 20 years of experience in business management and is an executive Director, the chief executive officer and compliance officer of our Group. Both Ms. Cai and Ms. Liang are responsible for the overall strategic planning and management of the operations of our Group. Our Directors believe that, in light of Ms. Cai's and Ms. Liang's experience and reputation in the media industry and their established relationships with our customers, the joining of Ms. Cai and Ms. Liang in July 2016 and June 2017, respectively, as our management and their personal involvements in various projects have strengthened our customers' confidence in our Group and have been critical in bringing in new customers and maintaining the relationships with them. Under the leadership of Ms. Cai and Ms. Liang, our management has strategically re-positioned our Group as an integrated multimedia advertising and marketing solution service provider as opposed to an advertising agency. Their leadership has been instrumental in our Group's expansion during the Track Record Period in the following aspects: (i) we have diversified our exclusive advertising resources by increasing the number of available advertising spaces of Visual Media and acquiring exclusive OOH and online advertising resources such as 12306 online ticketing system of China Railway, Guangzhou South Railway Station and Shenzhen Futian Transportation Hub, (ii) expanded our media operation and marketing team from 20 as at 31 August 2016 (around the joining of Ms. Cai and before the joining of Ms. Liang) to 43 as at the Latest Practicable Date, and (iii) expanded our client base which grew from 78 in FY2017 to 135 in FY2018, and correspondingly, our number of contracts increased significantly from 227 in FY2017 to 360 in FY2018, including a number of well-known brands. For details, please refer to the section headed "Business — Our competitive strengths — We have an experienced and dedicated management team with proven track record" in this prospectus.

Our Directors believe that our Group's future prospects and the results of its operations will depend significantly on the continuous involvement of Mr. Chow, Ms. Cai and Ms. Liang. Should they terminate their services with our Group and our Group fail to recruit on a timely basis new executive(s) with relevant experience from the market, our Group's operation and business may be adversely affected. Furthermore, if we fail to retain the services of our other senior management or other key employees, we may not be able to find a comparable replacement or any replacement. As a result, our business and growth prospects would be adversely affected.

Our plan to extend our business coverage may not be successful and our business prospects, financial condition and results of operations could be adversely affected

We plan to achieve our business growth by extending our business coverage in the Greater Bay Area, northern part of China and the Yangtze river delta region. For details, please refer to section headed "Business — Our business strategies and future plans" in this prospectus. There is no guarantee that we will be able to implement our business strategies and future plans successfully, which in turn are subject to uncertainties and changing market conditions. Our existing and potential competitors who already have market presence in these local markets may have competitive advantages, such as local advertising resources or market knowledge with respect to suppliers and customers in each local market. We may encounter differences in consumer behavior and preferences in each local markets which may cause uncertainties in attracting new customers in these markets. Further, our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialise.

If we are unable to successfully implement our strategy to extend our business coverage, or if such expansion does not yield the benefits we anticipate, our business prospects, financial condition and results of operations may be materially and adversely affected.

Our investments in wealth management products may be subject to certain counterparty risks and market risks

During the Track Record Period, our Group purchased wealth management products from licensed financial institutions in the PRC. As at 31 December 2017, the balance represented the wealth management products with principal of RMB15.0 million. Accordingly, we are subject to the risks that any of our counterparties, such as the licensed financial institutions that issued wealth management products, may not perform their contractual obligations, such as in the event that any such counterparty declares bankruptcy or becomes insolvent. Any material non-performance of our counterparties with respect to the wealth management products we invested in could materially and adversely affect our financial position and cash flow. Furthermore, our short-term investments are subject to the overall market conditions, including the capital markets. Any volatility in the market or fluctuations in interest rates may reduce our financial position or cash flow, which, in turn, could materially and adversely impact our financial condition. In addition, general economic and market conditions affect the fair value of these wealth management investments. If circumstances indicate that the carrying amount of these investments may not be recoverable, such investments may be considered "impaired", and an impairment loss would be recognised in accordance with accounting policies and charged to our statements of profits or loss for the relevant period. Accordingly, any material decline in the fair value of these short-term investments may have a material adverse effect on our results of operations.

Negative publicity about us, our services or our management may have an adverse impact on our reputation and business

We may from time to time receive negative publicity about us, our management 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 (including but not limited to those relating to advertising materials which are alleged to be illegal) as a result of such third party conduct and may be required to spend significant time and incur substantial costs to defend ourselves against such third party conduct, 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.

RISKS RELATING TO THE ADVERTISING INDUSTRY

We are in the highly competitive online advertising service industry and we may not be able to compete successfully against existing or new competitors, which could reduce our market share and adversely affect our competitive position and financial performance

According to the iResearch Report, the industry in which we operate in is highly competitive and fragmented. We face competition from advertising agents, who may have their own relationships with suppliers of advertising platforms.

In the future, we may also face competition from new entrants in the advertising industry or new service offerings from existing competitors. Further, we cannot predict whether future regulatory changes with respect to, or new developments and technologies that could be used in, the advertising industry will result in further competition.

Intensified competition could result in price reductions for advertising spaces which could reduce our operating margins and profitability and result in a loss of market share. Some of our existing and potential competitors may have competitive advantages over us, such as significantly greater financial, technical and marketing resources, and may attempt to mimic and adopt our business model. Moreover, increased competition will provide our existing and potential customers with a wider range of advertising service alternatives, which could lead to loss of business, lower prices and decreased revenue, gross margins and profits. We cannot assure you that our strategies will remain competitive or that they will continue to be successful in the future. If we fail to compete against our competitors, our market share can reduce and our financial performance can be adversely affected.

If we are unable to adapt and respond timely and effectively to new market trends in the advertising industry, we may not be able to compete in the market and our business, results of operations and financial condition could be materially and adversely affected

Our knowledge and expertise on traditional media advertising services may become obsolete. A reduction in demand for our offline advertising services could result from changes in the industry standards, market practice and market trends in the advertising industry, including preference for other forms of advertising resources. According to the iResearch Report, the growth in market size in terms of revenue generated from the online advertising market is substantially higher than the offline advertising market. Any reallocation of advertising expenditures from offline advertising platforms to other available advertising platforms by our customers could have a material adverse effect on our profitability and financial position.

Given the subjective nature of the advertising business and the rapid change in market trend and consumer preferences, there is no assurance that our advertising services will continue to be able to capture, anticipate or respond timely to our customers' preference. If we fail to keep pace with changing market trend and to introduce successful and well-accepted solutions for our existing customers or potential customers, our competitors may have a competitive advantage over us, which could have a material adverse effect on our business, results of operations and financial condition.

The PRC advertising industry is subject to extensive regulations. A breach of such regulations may lead to various enforcement actions which could adversely affect our business, financial condition and operating results

The PRC advertising industry is governed by the PRC Advertising Law. The PRC Advertising Law stipulates that advertisers, advertising operators and disseminators that engage in advertising activities are liable for the truthfulness of the content of the advertisements and they have to ensure that the advertised products, activities or services are in full compliance with applicable laws. However, contents of advertisements are determined by the advertisers and/or their agents and we may not have the relevant expertise to scan all the advertisements for commodities such as pharmaceuticals, medical equipment, agrochemicals and veterinary drugs which are subject to censorship and official or unofficial guidelines. If we are viewed as being in breach of any of such provisions, penalties may be imposed which include fines, confiscation of advertising fees, orders to cease dissemination of the advertisement and orders to publish an advertisement correcting the misleading information. If the case is very serious, the PRC government may revoke our licence pursuant to which we operate our advertising business. Such enforcement action could distract management's attention and have an adverse effect on our business, financial condition and operating results.

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

The regulations in the advertising industry, particularly in China, 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. 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, as a results, our business operations may be materially and adversely affected.

Changes in Hong Kong's economic, political and social conditions could affect our financial condition and results of operations

The business performance relating to our exclusive advertising spaces at Shenzhen Futian Transportation Hub may be affected significantly by the economic, political and legal situation in Hong Kong. Located in the core area of downtown Shenzhen and adjacent to Futian Railway Station of Guangzhou-Shenzhen-Hong Kong Special Line, Shenzhen Futian Transportation Hub is the largest underground transportation hub in Asia and is a main interchange station for the residents in Hong Kong and the PRC travelling across Hong Kong and Shenzhen through the Futian Port and the Lok Ma Chau Spur Line Control Point. The recent public disorder in Hong Kong may result in the decrease in number of Hong Kong and PRC residents travelling to and from Hong Kong and the PRC which in turn may affect our business relating to the exclusive advertising spaces at Shenzhen Futian Transportation Hub. Should there be any further material adverse change in the stability and development of the economic, political and legal environment of Hong Kong or if Hong Kong experiences any adverse economic conditions due to events beyond our control, such as local economic downturn, social and political unrest, natural disasters, contagious disease outbreaks or terrorist attacks, our business at Shenzhen Futian Transportation Hub may be further harmed and our business, financial condition and results of operations may in turn be materially and adversely affected.

RISKS RELATING TO OPERATIONS IN THE PRC IN GENERAL

The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.

The PRC has not developed a fully integrated legal system and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activity in the PRC. These laws, rules and regulations are relatively new and are often changing, and published cases concerning these laws, rules and regulations are limited. Consequently, interpretation and enforcement of laws, rules and regulations in the PRC involve a fair amount of uncertainties compared to other jurisdictions.

In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. As a result, we may not be aware of any violations by us until sometime after the violation. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in the PRC may be protracted and could result in significant costs and a diversion of our resources and management attention. We cannot predict future developments in the PRC legal system or the effects of such developments.

Our business is vulnerable to adverse changes in economic, political and social conditions and government policies in the PRC

Since all of our business operations are conducted in the PRC and all of our revenue is derived from our business in the PRC, our business, financial condition, results of operations and prospects may be influenced to a significant degree by the economic, political, social and legal conditions in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including but not limited to, level of government involvement, level of development, growth rate, control over foreign exchange, and allocation of resources. We believe the PRC government has indicated its commitment to the continued reform of the economic system as well as the structure of the government. The PRC government's reform policies have emphasised the independence of enterprises and the use of market mechanisms. Since the introduction of these reforms, significant progress has been achieved in economic development, and enterprises have enjoyed an improved environment for their development. However, any changes in the political, economic or social conditions in the PRC may materially and adversely affect our business, financial condition and results of operations.

The enforcement of the Labour Contract Law and other labour-related regulations in China may adversely affect our business and our results of operations

Pursuant to the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labour Contract Law**") and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labour contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the Labour Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to Social Insurance Law of the PRC (《中華人民共和國社會保險法》), employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees. As the interpretation and implementation of labour-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labour-related laws and regulations in China, which may subject us to labour disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labour-related law and regulations regarding including those relating to obligations to make social insurance payments and contribute to the housing provident fund. If we are deemed to have violated relevant labour laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Foreign exchange control by the PRC government may have a material adverse effect on your investment.

We received all of our revenue in RMB during the Track Record Period. RMB generally cannot be freely converted into any foreign currencies. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the SAFE subject to certain procedures. Hence, our PRC subsidiaries are able to pay dividends in foreign currencies to our Company without prior approval from the SAFE by satisfying certain procedural requirements. However, there is no assurance that the foreign exchange policies regarding payment of dividends in foreign currencies will continue.

Moreover, foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to limitations and require prior approval from or registration with the SAFE or its local branches. The PRC government may further implement rules and regulations in the future, which could restrict the use of foreign currency under current account and capital account in certain circumstances. These restrictions could affect our ability to obtain foreign currency through debt financing, or to obtain foreign exchange needed for our capital expenditure. The unavailability of sufficient foreign currency or an inability to transfer sufficient dividends or make other payments to us or to otherwise satisfy their foreign-currency-denominated obligations would hinder our business operation or administration. Also, we may not be able to pay dividends to our Shareholders.

Fluctuation of the exchange rates may negatively affect our ability to pay dividends.

During the Track Record Period, all of our revenue was denominated in RMB. As dividends will be paid to our Shareholders in Hong Kong dollar, any appreciation of the Hong Kong dollar against RMB would have a negative effect on the amount available to us when converted into Hong Kong dollar, and would therefore reduce our dividend payments.

Our dividend income from our PRC subsidiaries may be subject to a high rate of withholding tax

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is applicable to dividends paid by PRC enterprises to their foreign shareholders who are not "PRC tax resident enterprises", unless the jurisdiction of such foreign shareholder has a tax treaty or similar arrangement with the PRC that provides for a different withholding arrangement and the foreign shareholder obtains approval from competent local PRC tax authorities for application of such tax treaty or similar arrangement. According to the Arrangement between the Mainland of China and the HKSAR 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税和防止偷漏税的安排》), if a Hong Kong incorporated entity is the direct "beneficial owner" of 25% or more in a PRC entity, a lower rate of 5% will be applied to the dividend made by the PRC entity to such Hong Kong entity. The determination of beneficial ownership is clarified under the Announcement of the State Administration of Taxation on Issues Concerning "Beneficial Owners" in Tax Treaties (《國家税務總局關於税收協定中"受益所有人"有關問題的公告》), which stipulates that if the business undertaken by the applicant do not constitute substantive business activities including manufacturing, sales or management, such situation would be unfavorable for determination of "beneficial owner" status of the applicant.

Gains on the sales of Shares and dividends on the Shares may be subject to PRC income taxes

Under the EIT Law and its implementation rules, a PRC withholding tax at the rate of 10% is applicable to dividends payable by "PRC tax resident enterprises" to investors that are "non-PRC residents"; that is, investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their source within the PRC. Similarly, any gain realised on the transfer of shares of "PRC tax resident enterprises" by such investors is also subject to a PRC income tax, usually at rate of 10% unless otherwise reduced or exempted by relevant tax treaties or similar arrangements, if such gain is regarded as income derived from sources within the PRC.

We are a holding company incorporated in the Cayman Islands and substantially all of our operations are in the PRC. There is uncertainty whether we will be considered a "PRC tax resident enterprise" for the purpose of the EIT Law. As a result, it is unclear whether dividends paid on our Shares, or any gain realised from the transfer of our Shares, would be treated as income derived from sources within the PRC and would as a result be subject to PRC income tax. If we are considered a "PRC tax resident enterprise", then any dividends paid to our Shareholders that are "non-PRC residents" and any gains realised by them from the transfer of our Shares may be regarded as income derived from PRC sources and, as a result, would be subject to a 10% PRC income tax, unless otherwise reduced or exempted. It is unclear whether, if we are considered a "PRC tax resident enterprise", our Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between PRC and other countries or regions. If dividends payable to our non-PRC Shareholders that are "non-PRC residents", or gains from the transfer of our Shares are subject to PRC tax, the value of such non-PRC Shareholders' investment in our Shares may be materially and adversely affected.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies

The State Administration of Taxation of the PRC (the "**SAT**") released a circular on 10 December 2009 that addresses the transfer of shares by nonresident companies, generally referred to as Circular 698. Circular 698, which became effective retroactively to 1 January 2008, may have a significant impact on many companies that use offshore holding companies to invest in China. Circular 698 has the effect of taxing foreign companies on gains derived from the indirect sale of a PRC company. Where a foreign investor indirectly transfers equity interests in a PRC resident enterprise by selling the shares in an offshore holding company, and the latter is located in a country or jurisdiction that has an effective tax rate less than 12.5% or does not tax foreign income of its residents, the foreign investor must report this indirect transfer to the tax authority in charge of that PRC resident enterprise. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of avoiding PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of up to 10.0%.

SAT subsequently released public notices to clarify issues relating to Circular 698, including the Announcement on Several Issues concerning the EIT on the Indirect Transfers of Properties by Nonresident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**SAT Notice 7**"), which became effective on 3 February 2015. SAT Notice 7 abolished the compulsive reporting obligations originally set out in Circular 698. Under SAT Notice 7, if a non-resident enterprise transfers its shares in an overseas holding company, which directly or indirectly owns PRC taxable properties, including shares in a PRC company, via an arrangement without reasonable commercial purpose, such transfer shall be deemed as indirect transfer of the underlying PRC taxable properties. Accordingly, the transferee shall be deemed as a withholding agent with the obligation to withhold and remit the EIT to the competent PRC tax authorities. Factors that may be taken into consideration when determining whether there is a "reasonable commercial purpose" include, among other factors, the economic essence of the transferred shares, the economic essence of the assets held by the overseas holding company, the taxability of the transaction in offshore jurisdictions, and economic essence and duration of the offshore structure. SAT Notice 7 also sets out safe harbours for the "reasonable commercial purpose" test.

On 17 October 2017, the SAT released the Notice on Several Issues concerning the Withholding and Collection of Income Tax of Non-resident Enterprises from the Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》) (the "**SAT Notice 37**"). SAT Notice 37 clarifies: (1) matters concerning the withholding and collection of corporate income tax, and property transfer of non-resident enterprises based on the EIT Law; (2) the currencies required to be used by the withholding agents (when the payments is made in a currency rather than RMB), as well as the time, venue and business for the performance of the withholding and collection obligations; and (3) the abolishment of Circular 698.

There is little guidance and practical experience regarding the application of SAT Notice 7 and SAT Notice 37 and the related SAT notices. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions. As a result, due to our offshore restructuring, we may become at risk of being taxed under SAT Notice 7 and SAT Notice 37 and we may be required to expend valuable resources to comply with SAT Notice 7 and SAT Notice 37 or to establish that we should not be taxed under SAT Notice 7 and SAT Notice 37, which could have a material adverse effect on our financial condition and results of operations.

You may experience difficulties in effecting service of legal process and enforcing judgements against us and our management

We are incorporated in the Cayman Islands. Almost all of our assets and some of the assets of our Directors are located in China. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgements made by courts of most other jurisdictions. On 14 July 2006, the PRC Supreme Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under such arrangement, where any designated people's court of China or any designated Hong Kong court has made an enforceable final judgement requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court of China or Hong Kong court for recognition and enforcement of the judgement. The arrangement came into effect on 1 August 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain. In addition, China is not a party to any treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom, most other Western countries or Japan, and therefore enforcement in China of judgements of a court in any of these jurisdictions may be difficult or impossible.

RISKS RELATING TO THE SHARE OFFER

An active trading market may not develop or be sustained after the Listing

Prior to the Listing, our shares were quoted on the NEEQ between March 2017 and December 2018. Notwithstanding our prior listing experience, there is no guarantee that an active trading market for our Shares will develop or be sustained upon completion of the Listing. A listing on GEM does not guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, that it will be sustained following the Listing.

Trading price and volume of the Shares may fluctuate significantly

The market price and trading volume of our Shares may fluctuate significantly. There are a number of factors which may affect the market price of our Shares including, but not limited to, actual or anticipated fluctuations in our operation results, changes in our cash flows and new investments and strategic alliances. Some factors may be even beyond our control, such as announcements made by our competitors and regulatory developments in the PRC affecting us, our customers or our competitors. Any such developments may result in large and sudden changes in the volume and market price at which our Shares will be trading. There is no guarantee that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the trading volume and market price of our Shares.

The market price of our Shares could be lower than the Offer Price when trading begins

The Offer Price of our Shares is expected to be determined on or before 13 January 2020. However, the Shares will not commence trading on GEM until they are delivered, which is expected to be on 14 January 2020. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

Investors may experience immediate dilution due to the Offer Price being higher than net tangible book value per Share

As the Offer Price of our Shares is higher than the consolidated net tangible book value per Share immediately prior to the Share Offer, purchasers of our Shares in the Share Offer will experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares.

Future sales of substantial amounts of Shares in the public market after the Share Offer could materially and adversely affect the prevailing market price of our Shares, and our ability to raise capital in the future may result in dilution of your shareholding in our Company

Shares held by our Controlling Shareholders and the Relevant Minority Shareholders are subject to certain lock-up undertakings for the period commencing on the date of this prospectus and up to 24 months and 12 months after the Listing Date, respectively. After the lock-up undertaking lapse, the market price of our Shares may decline as a result of sale of substantial amount of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. This may materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

We may need to raise additional funds to finance acquisitions, expansion or new developments of our business in the future. If funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage shareholding of our Shareholders in our Company may be reduced. Accordingly, as a result, Shareholders may experience dilution in their percentage shareholdings in our Company. Furthermore, it is also possible that such new securities may have preferred rights, options or pre-emptive rights that render them more valuable than or senior to our Shares.

We have significant discretion as to how we will use the net proceeds of the Share Offer, and you may not necessarily agree with how we use them

Our management may spend the net proceeds from the Share Offer in ways you may not agree with or that do not yield a favorable return to our Shareholders. For details of our intended use of proceeds, see "Statement of Business Objectives and Use of Proceeds". However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgement you must depend, for the specific uses we will make of the net proceeds from the Share Offer.

You may face difficulties in protecting your interests under Cayman Islands law

Our corporate affairs are governed by our Memorandum of Association and Articles of Association, the Companies Law and common law of the Cayman Islands, and to a limited extent, the laws of Hong Kong. The laws of the Cayman Islands relating to the protection of interests of minority shareholders, in some respects, differ from those established under statutes or judicial precedent in existence in Hong Kong. Such differences may mean that our minority shareholders have less protection than they would have under the laws of Hong Kong. The rights of shareholders to take action against our Directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. A summary of Cayman Islands company laws is set out in Appendix III of this prospectus.

We cannot assure you that we will declare and distribute any amount of dividends in the future

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our operating subsidiaries. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among other considerations, our operations, earnings, financial condition, cash requirements and availability, our constitutional documents and applicable law and will be subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed in any year.

Under the PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. Accordingly, since our Company derives all of our earnings and cash flows from dividends paid to us by our PRC operating subsidiaries in the PRC, we may not have sufficient distributable profits to pay dividends to our Shareholders. For more details on our dividend, please refer to the section headed "Financial Information — Dividend" in this prospectus.

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

Immediately following the Listing, our Controlling Shareholders will directly and indirectly own an aggregate of approximately 48.75% of the Shares before any exercise of the Offer Size Adjustment Option. As a result, by virtue of their controlling ownership of the share capital of our Company, our Controlling Shareholders will be able to exert significant influence over our Group's business and otherwise on matters of significance to it and other Shareholders by voting at the general meetings of Shareholders, such as election of Directors, dividend payments and other distributions, acquisition of or merger with another entity.

The interests of our Controlling Shareholders may differ from the interests of the other Shareholders and they are free to exercise their votes according to their interests. Our Controlling Shareholders will have the power to prevent or cause a change in control of our Company. Without the consent of our Controlling Shareholders, our Group may be prevented from entering into transactions that could be beneficial to it and the other Shareholders.

We cannot guarantee the accuracy of facts and statistics with respect to the advertising industry in the PRC contained in this prospectus

Facts and statistics in this prospectus relating to the PRC, the PRC's economy and its advertising industry are derived from various publicly available official or unofficial sources generally believed to be reliable. We cannot guarantee the quality and reliability of such source material. They have not been independently verified by us and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the statistics in this prospectus may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or complied on the same basis or with the same degree of accuracy as may be the case elsewhere.

You should read this prospectus 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 Share Offer

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Share Offer, press, media and/or research analyst coverage regarding us, our business, our industry and the Share Offer. Such press, media and/or research analyst coverage may include information that does not appear in this prospectus. 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 Share Offer, 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 prospectus, we disclaim them. Accordingly, you are cautioned to make your investment decisions regarding our Shares on the basis of the information contained in this prospectus only and should not rely on any other information.

Risks associated with forward-looking statements

This prospectus contains certain statements that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "expect", "estimate", "may", "ought to", "should" or "will". Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, profitability, liquidity and capital resources. Purchasers and subscribers of our shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, although we believe the assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans and objectives will be achieved.

In preparation for the Share Offer, our Company has sought a number of waivers, as described below, from the Stock Exchange in relation to certain requirements under the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the GEM Listing Rules upon Listing. We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Chapter 20 of the GEM Listing Rules in relation to the non-exempt continuing connected transactions. For further details, please refer to the section headed "Continuing Connected Transactions" in this prospectus.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 11.07 of the GEM Listing Rules, our Company must appoint a company secretary who satisfies Rule 5.14 of the GEM Listing Rules. According to Rule 5.14 of the GEM Listing Rules, our Company must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

In order to satisfy the requirements under the GEM Listing Rules, we have appointed Ms. Li Zhiyan ("**Ms. Li**") and Sir Kwok Siu Man ("**Sir Kwok**") as our joint company secretaries. While our Directors consider that Ms. Li is capable of discharging her duty as a company secretary of our Company by virtue of her academic background, professional qualifications, and considering Ms. Li's comprehensive assistance as the board secretary and her relevant experience well supported by her professional qualifications, however, she may not possess all the specified qualifications required by Rule 5.14 of the GEM Listing Rules. Therefore, our Company has appointed Sir Kwok, who possesses such specified qualifications, to be a joint company secretary of our Company.

Please refer to the sections headed "Directors and Senior Management — 2. Senior management" and "Directors and Senior Management — 3. Joint company secretaries" in this prospectus for the biographies of Ms. Li and Sir Kwok, respectively.

Given the important role of company secretary in the corporate governance of a listed issuer, particularly in assisting the listed issuer as well as its directors in complying with the GEM Listing Rules and other relevant laws and regulations, our Company will make or has made the following arrangements:

(a) our Company will ensure Ms. Li undergo relevant training courses including briefings on the latest changes to the applicable Hong Kong laws and regulations and the GEM Listing Rules from time to time in order to allow Ms. Li to familiarise herself with the GEM Listing Rules and the duties required of a company secretary of a company listed on GEM and will comply with the annual professional training requirement under Rule 5.15 of the GEM Listing Rules;

(b) Sir Kwok, who satisfies the requirements under Rule 5.14 of the GEM Listing Rules, will, throughout his engagement as a joint company secretary of our Company, provide joint company secretarial support and assist Ms. Li so as to enable her to acquire the requisite knowledge and experience (as required under Rule 5.14 of the GEM Listing Rules) in order to discharge her duties and responsibilities as a company secretary of our Company;

(c) Sir Kwok, who will familiarise himself with the affairs of our Company, will communicate with Ms. Li on a regular basis regarding matters in relation to corporate governance, the GEM Listing Rules as well as other applicable laws and regulations of Hong Kong which are relevant to the operations and affairs of our Company. Sir Kwok will work closely with, and provide assistance to Ms. Li with a view to discharging her duties and responsibilities as a company secretary of our Company, including but not limited to organising the Board meetings and Shareholders' meetings of our Company;

(d) Ms. Li will be assisted by Sir Kwok and will be appointed for an initial period of three years commencing from the Listing Date. Upon expiry of the three-year period, a further evaluation of the qualifications and experience of Ms. Li and the need for on-going assistance would be made;

(e) Ms. Li will also be assisted by the compliance adviser and the Hong Kong legal advisers of our Company, particularly in relation to Hong Kong corporate governance practices and regulatory compliance, on matters concerning our on-going compliance obligations under the GEM Listing Rules and the applicable laws and regulations of Hong Kong; and

(f) our Company undertakes to reapply to the Stock Exchange in the event that Sir Kwok ceases to meet the requirements under Rule 5.14 of the GEM Listing Rules or otherwise ceases to serve as a joint company secretary of our Company.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Rules 5.14 and 11.07 of the GEM Listing Rules in respect of Ms. Li. The waiver is valid for an initial period of three years commencing on the Listing Date. Prior to the expiry of the initial three-year period, our Company will re-evaluate the qualifications and experience of Ms. Li. Upon the determination by our Company that no on-going assistance is necessary, we will demonstrate to the Stock Exchange that, with the assistance of Sir Kwok over such three-year period, Ms. Li had acquired the requisite knowledge and experience as prescribed in Rule 5.14 of the GEM Listing Rules. The Stock Exchange will then re-evaluate whether any further waiver would be necessary.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material aspects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and in the Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer, comprising the Placing and the Public Offer. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus. The Listing is sponsored by the Sole Sponsor and managed by the Sole Bookrunner. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and the Sole Bookrunner. The Share Offer will be fully underwritten by the Underwriters under the terms of the

Underwriting Agreements. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting — Underwriting arrangements and expenses" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Bookrunner and our Company on the Price Determination Date, or such later date or time as may be agreed by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Offer Price is currently expected to be not more than HK$1.98 per Offer Share and not less than HK$1.38 per Offer Share. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.iconspace.com**.

If the Sole Bookrunner and our Company are unable to reach an agreement on the Offer Price on the Price Determination Date, or such later date or time as may be agreed between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not proceed.

RESTRICTIONS ON SHARE OFFER AND SALE OF OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or by his/her/its acquisition of the Offer Shares will be deemed to confirm that he/she/it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus. Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit a Share Offer or the general distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions.

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Further details of the structure and conditions of the Share Offer are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Department for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Department, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the "minimum prescribed percentage" of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

HONG KONG SHARE REGISTER AND THE STAMP DUTY

All Shares issued by us pursuant to applications made in the Public Offer will be registered on our branch register of members to be maintained in Hong Kong. Our principal register of members will be maintained by Ogier Global (Cayman) Limited in the Cayman Islands.

No stamp duty is payable by applicants in the Share Offer.

Dealings in the Offer Shares registered on our Hong Kong branch register will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Offer Shares. None of our Company, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Offer Shares.

PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES

The application procedure for the Public Offer Shares is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars or US dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts and US dollars amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB0.90 to HK$1.00.

ROUNDINGS

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and its Chinese translation, the English version of this prospectus shall prevail. If there is any inconsistency between the Chinese names of PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like mentioned in this prospectus and their English translations, the Chinese names shall prevail.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Chow Eric Tse To (周子濤)	Villa A0-1 No. 138 Huijing South Road Tianhe District, Guangzhou City Guangdong Province, China	Australian
Mr. Lau Tung Hei Derek (劉東曦)	1501, Building D3 Block E1, Longxishan No. 146 Huijing North Road Tianhe District, Guangzhou City Guangdong Province, China	Australian
Ms. Cai Xiaoshan (蔡曉珊)	802, Block A2, Block E2 Longxishan Huijing North Road, Huijing Xincheng Tianhe District, Guangzhou City Guangdong Province, China	Chinese
Ms. Liang Wei (梁薇)	No. 092, Hupan District Banshanhaoyuan, Dongguan City Guangdong Province, China	Chinese
Mr. Liu Biao (劉標)	No. 4, Chantang Village Chantang Xiang, Lingbi County Suzhou City Anhui Province, China	Chinese
Independent non-executive Directors		
Mr. Lee Siu Hang Foster (李兆鏗)	Flat E, 3/F, Block 2, Ronsdale Garden Jardine's Lookout, Hong Kong	Chinese
Ms. Tam Hon Shan Celia (譚漢珊)	Flat B2, 11/F, Block 1 Universal Towers 18-26 Kin Wah Street North Point, Hong Kong	Chinese
Mr. Tian Tao (田濤)	No. 1701, Building 3 No. 1 Xinfeng Street Xicheng District, Beijing, China	Chinese

Please refer to the section headed "Directors and Senior Management" in this prospectus for further information of our Directors.

PARTIES INVOLVED

Sole Sponsor	**Innovax Capital Limited** Room 2002, 20/F Chinachem Century Tower 178 Gloucester Road, Wanchai Hong Kong *A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO*
Sole Bookrunner and Sole Lead Manager	**Innovax Securities Limited** Unit A–C, 20/F Neich Tower 128 Gloucester Road, Wanchai Hong Kong *A licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO*
Co-Managers	**Marketsense Securities Limited** Unit 7801–03, The Center 99 Queen's Road Central Hong Kong *A licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO* **Pulsar Capital Limited** Unit 318, 3/F Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong *A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO*

Legal advisers to our Company	*As to Hong Kong laws* **Zhong Lun Law Firm** 4/F, Jardine House 1 Connaught Place Central Hong Kong *As to PRC laws* **Dentons Law Offices, LLP (Guangzhou)** 14/F, 15/F (Unit 7–12) CTF Finance Centre No. 6 Zhujiang East Road Zhujiang New Town Guangzhou China *As to PRC laws (in relation to the Proceeding)* **Hylands Law Firm** 9/F, Dinghe Plaza No. 100 Fuhua 3rd Road Futian District Shenzhen China *As to Cayman Islands laws* **Ogier** 11/F, Central Tower 28 Queen's Road Central Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong laws* **Loeb & Loeb LLP** 21/F, CCB Tower 3 Connaught Road Central Hong Kong *As to PRC laws* **Jingtian & Gongcheng** 45/F, K.Wah Centre 1010 Huaihai Road Xuhui District Shanghai China

Auditor and reporting accountant	**KPMG** 8/F, Prince's Building 10 Chater Road Central Hong Kong
Industry consultant	**Shanghai iResearch Co., Ltd.** Room 701, Building B Zhongjin International Plaza Caoxi North Road Xuhui District Shanghai China
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	Ogier Global (Cayman) Limited 89 Nexus Way, Camana Bay Grand Cayman, KY1-9009 Cayman Islands
Principal place of business in the PRC	29/F, Kingold Century No. 62 Jinsui Road Zhujiang New Town Tianhe District, Guangzhou City Guangdong Province, China
Principal place of business in Hong Kong	31/F., 148 Electric Road North Point, Hong Kong
Company's website	**www.iconspace.com** *(information on this website does not form part of this prospectus)*
Joint company secretaries	Sir Kwok Siu Man (郭兆文) KR, *FCIS, FCS* 31/F., 148 Electric Road North Point, Hong Kong Ms. Li Zhiyan (李智燕) No. 16, Building 5, No. 10, Section 2 Lianjiang Road, Jiangyang District Luzhou City, Sichuan Province, China
Authorised representatives (for the purpose of the GEM Listing Rules)	Ms. Liang Wei (梁薇) No. 092, Hupan District, Banshanhaoyuan Dongguan City, Guangdong Province, China Sir Kwok Siu Man (郭兆文) KR, *FCIS, FCS* 31/F., 148 Electric Road North Point, Hong Kong
Compliance officer	Ms. Liang Wei (梁薇) No. 092, Hupan District, Banshanhaoyuan Dongguan City, Guangdong Province, China
Audit committee	Mr. Lee Siu Hang Foster (李兆鏗) *(Chairperson)* Ms. Tam Hon Shan Celia (譚漢珊) Mr. Tian Tao (田濤)
Remuneration committee	Ms. Tam Hon Shan Celia (譚漢珊) *(Chairperson)* Mr. Lee Siu Hang Foster (李兆鏗) Mr. Tian Tao (田濤)

Nomination committee	Mr. Chow Eric Tse To (周子濤) *(Chairperson)* Mr. Lee Siu Hang Foster (李兆鏗) Ms. Tam Hon Shan Celia (譚漢珊)
Compliance adviser	**Innovax Capital Limited** Room 2002, 20/F Chinachem Century Tower 178 Gloucester Road, Wanchai Hong Kong
Principal share registrar and transfer office in the Cayman Islands	**Ogier Global (Cayman) Limited** 89 Nexus Way, Camana Bay Grand Cayman, KY1-9009 Cayman Islands
Hong Kong branch share registrar and transfer office	**Boardroom Share Registrars (HK) Limited** 2103B, 21st Floor 148 Electric Road North Point, Hong Kong
Principal banks	**Bank of China** 1–2/F, Yajule Centre, 26 Huaxia Road Zhujiang New Town Tianhe District, Guangzhou Guangdong Province, China **Agricultural Bank of China** Room 202, 2/F Guangzhou International Trade Centre 1 Linhe West Road, Guangzhou Guangdong Province, China

The information that appears in this section has been prepared by iResearch and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to iResearch should not be considered as the opinion of iResearch as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information has not been independently verified by us, the Sole Sponsor, or Sole Bookrunner or any other party (other than iResearch) involved in the Share Offer, and no representation is given as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from, making any investment decision.

SOURCE OF INFORMATION

We have commissioned iResearch to provide industry information on the PRC's integrated marketing industry and have agreed to pay a fee of RMB600,000 to iResearch for the iResearch Report. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the iResearch Report. In compiling and preparing the iResearch Report, iResearch conducted primary research including interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. iResearch presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. iResearch assumed that (i) the social, economic and political environment is expected to remain stable and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2019 to 2023.

ABOUT IRESEARCH

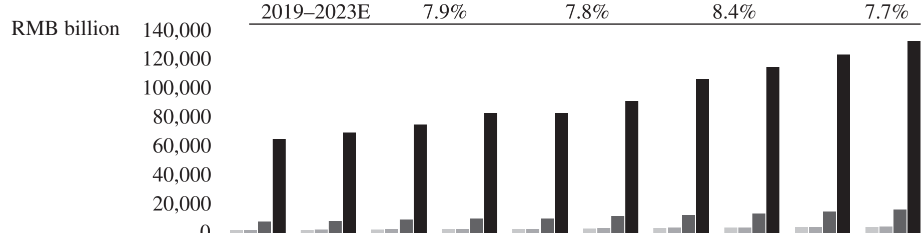
Founded in 2002, iResearch is a leading provider of online user data and consumer insights in the PRC. Headquartered in Beijing and Shanghai, iResearch has a management team with over 400 employees worldwide and has accumulated extensive experience in researching and monitoring the development of the internet industry in the PRC.

OVERVIEW OF THE PRC'S MACRO ENVIRONMENT

The development of the advertising market is highly correlated with the macroeconomic environment in the PRC, from the perspective of regional economic development. The nominal GDP growth of Beijing, Shanghai and the Greater Bay Area from 2014 to 2018 has recorded a CAGR of approximately 9.2%, 8.5% and 8.2% respectively, compared to approximately 8.9% of the PRC. From 2019 to 2023, the nominal GDP of Beijing, Shanghai and the Greater Bay Area is expected to grow at CAGR of approximately 7.9%, 7.8% and 8.4% respectively, which exceeded approximately 7.7% of the PRC overall.

Nominal GDP of the PRC, Beijing, Shanghai and The Greater Bay Area, 2014–2023E

CAGR	Beijing	Shanghai	The Greater Bay Area of the PRC	The PRC
2014–2018	9.2%	8.5%	8.2%	8.9%
2019–2023E	7.9%	7.8%	8.4%	7.7%

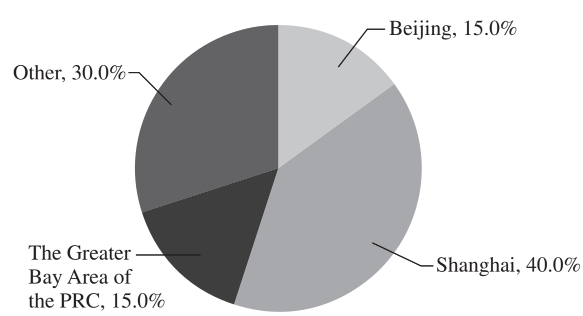


	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Beijing	2,133.1	2,301.5	2,566.9	2,801.5	3,032.0	3,277.6	3,539.8	3,819.4	4,121.2	4,442.6
Shanghai	2,356.8	2,512.3	2,817.9	3,063.3	3,268.0	3,529.4	3,808.3	4,105.3	4,425.5	4,766.3
The Greater Bay Area	7,916.1	8,462.4	9,227.3	10,227.1	10,865.3	11,680.2	12,602.9	13,636.3	14,795.4	16,112.2
The PRC	64,128.1	68,599.3	74,006.1	82,075.4	90,030.9	97,323.4	105,109.3	113,307.8	121,919.2	130,941.2
GDP growth rate of Beijing		7.9%	11.5%	9.1%	8.2%	8.1%	8.0%	7.9%	7.9%	7.8%
GDP growth rate of Shanghai		6.6%	12.2%	8.7%	6.7%	8.0%	7.9%	7.8%	7.8%	7.7%
GDP growth rate of the Greater Bay Area in the PRC		6.9%	9.0%	10.8%	6.2%	7.5%	7.9%	8.2%	8.5%	8.9%
GDP growth rate of the PRC		7.0%	7.9%	10.9%	9.7%	8.1%	8.0%	7.8%	7.6%	7.4%

Source: iResearch.

As shown from the geographical distribution of advertisers, approximately 70.0% of the national top 20 advertisers are headquartered in Beijing, Shanghai and the Greater Bay Area. These areas are concentrated with advertising resources which are significant elements for marketing service providers in developing their business.

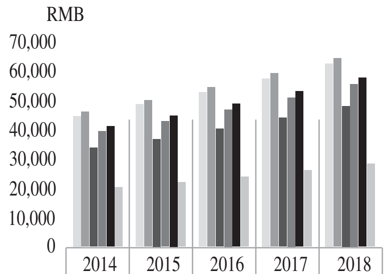
Top 20 Advertiser's Headquarters Location Distribution, 2018



Source: iResearch

In terms of regional consumption power, the per capita annual disposable income and annual consumption power of Beijing, Shanghai and the Greater Bay Area in the PRC has overtaken the national average. In 2018, the per capita annual income and per capita annual consumption amongst the three regions was approximately 69.6%–127.4% and approximately 77.6%–118.4% higher than the national average respectively, making these regions very much sought-after for market expansion.

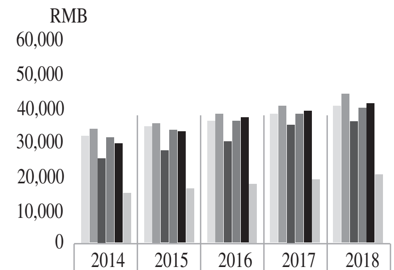
Per Capita Annual Disposable Income, 2014–2018



	2014	2015	2016	2017	2018
Beijing	44,489	48,458	52,530	57,230	62,361
Shanghai	45,966	49,867	54,305	58,988	64,183
The Greater Bay Area of the PRC (excluding Hong Kong and Macao)	33,642	36,662	40,109	43,840	47,888
Guangzhou	39,229	42,718	46,667	50,782	55,356
Shenzhen	40,948	44,633	48,695	52,938	57,544
the PRC	20,167	21,966	23,821	25,974	28,228

Source: iResearch.

Per Capita Annual Consumption Expenditure, 2014–2018



	2014	2015	2016	2017	2018
Beijing	31,103	33,803	35,416	37,425	39,843
Shanghai	33,065	34,784	37,458	39,792	43,351
The Greater Bay Area of the PRC (excluding Hong Kong and Macao)	24,564	26,780	29,417	34,353	35,254
Guangzhou	30,579	32,887	35,388	37,496	39,246
Shenzhen	28,853	32,359	36,481	38,320	40,535
the PRC	14,491	15,712	17,111	18,322	19,853

Source: iResearch.

ADVERTISING INDUSTRY IN THE PRC

Overview

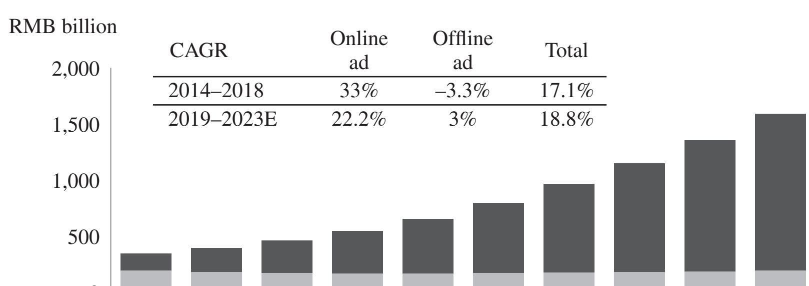
Advertising is a marketing solution aiming to acquaint consumers with specific goods and services or brands through images, sounds, slogans, and videos. Advertisements assist advertisers in promoting and selling their goods or services and maintaining their reputation. Based on various types of media channels, the advertising industry can be categorized into offline or traditional advertising such as television, radio, newspapers, magazines and OOH; and online advertising, which refers to PC and mobile devices.

	Category	Characteristics
Offline	Out-of-home advertisement ("**OOH**")	• Channels of out-of-home advertisements include metro, railway, airport, other public transports, buildings and facilities and retail stores • Transportation media provides large amount of advertising spaces • Pedestrians and commuter traffic provide extensive audience
	Television and broadcast advertisement	• Television advertisement combines visual and audio elements limited in length of time
	Print Media	• Includes leaflets, newspapers and magazines

	Category	Characteristics
Online	Internet advertisement	• Includes social media websites, online search engines and mobile advertising • Tracking and analyzing consumer preferences and pushes appropriate information • Track and analyze conversion rate by collecting information from various sources

The advertising market in the PRC is at a stage of expansion and has experienced a steady growth in recent years. The total advertising market size in the PRC, measured by advertising service provider's revenue, grew from approximately RMB347.0 billion in 2014 to approximately RMB652.8 billion in 2018, representing a CAGR of approximately 17.1%. The market size of the advertising industry in the PRC is projected to further expand at a CAGR of approximately 18.8% to approximately RMB1,589.8 billion in 2023.

Total Advertising Market Size in Terms of Revenue, the PRC, 2014–2023E



CAGR	Online ad	Offline ad	Total
2014–2018	33%	–3.3%	17.1%
2019–2023E	22.2%	3%	18.8%

	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Online	154.6	218.5	288.5	375.0	484.4	625.5	791.6	968.2	1,168.6	1,396.5
Offline	192.4	178.8	171.9	168.6	168.4	171.8	175.9	181.4	187.2	193.3
Total	347.0	397.2	460.4	543.6	652.8	797.3	967.6	1,149.6	1,355.9	1,589.8

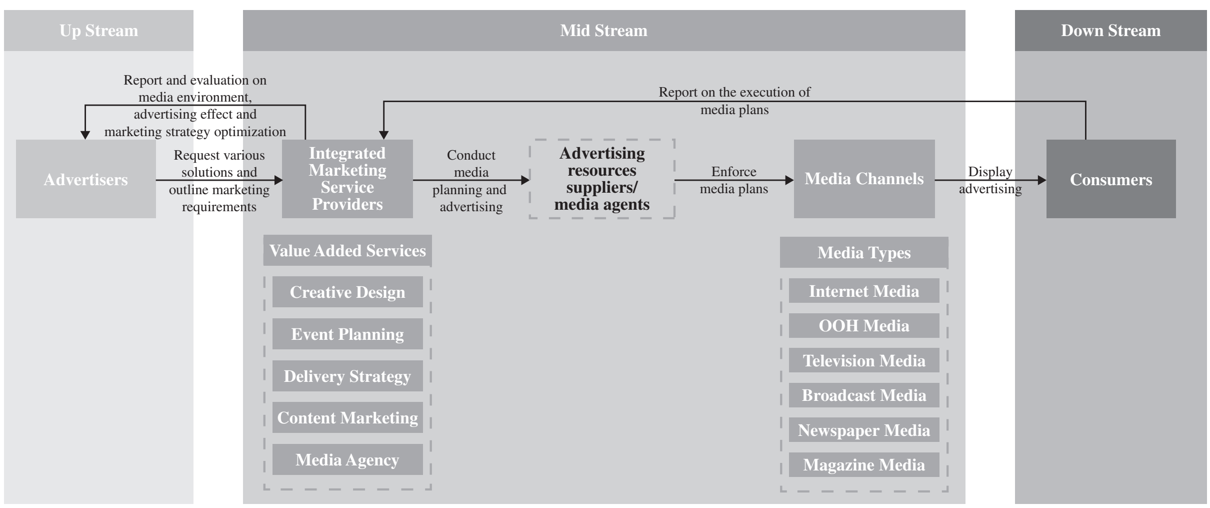
Source: iResearch

The advertising industry consists of four key participants: advertisers, marketing service providers, media and consumers. It is not uncommon that advertisers rely on marketing service providers to source advertising resources for their marketing campaigns and promotion of their products, services or brand, due to the lack of professional marketing talents, and industry know-how on formulating and implementing advertising solutions efficiently. Since the marketing service providers are at the core of the advertising industry chain, they act as the bridge between advertisers and media channels suppliers as well as the consumers. An integrated marketing service provider would possess the qualities of one-stop diversified marketing expertise, value adding services and owning media channels and advertising resources such as online and offline platforms. By integrating advertising production capabilities and media resources, it greatly improves the efficiency of operations and provides advertisers with a holistic marketing matrix. Since the demand for media diversification from advertisers has become more prominent, the value of integrated marketing service is continuously expanding.

Industry value chain

Advertisers are the original initiator of the upstream value chain. They request various marketing solutions from integrated marketing service providers, who create ideas and advertising contents to help maximizing the advertising exposure in product promotion and brand building. The integrated market service provider then evaluates the demands from the advertiser to design an appropriate marketing campaign and conduct media planning with the targeted audience and optimal advertising channel determined. Followed by media buying from different media channels or utilising their own media resources to deliver the advertisement on their platforms to targeted audience in various media forms. The targeted audience or consumers will receive the advertisements via different offline media channels such as television, newspaper, radio and OOH; or online mediums such as their PC and applications on their mobile devices.

The PRC's Advertising Market Industry Chain



Advertising operations of major provinces and municipalities in China

The advertising market of China is an integral market where the market landscape, competitiveness and barriers of entry in various regions are similar. While customer care and service depends much on face-to-face meetings, the ultimate delivery of advertising services is hardly restricted by geographical boundaries particularly with the increasing popularity of online advertising, which further blurs geographical boundaries in implementing marketing strategies, bringing revolutionary changes to the advertising industry. Customers in current advertising environment need advertising companies without boundaries, i.e. companies with many specialisms, along with the ability to assemble them and evolve them fast according to customers' needs. Therefore, local and regional players will generally compete with each other for business based on (i) advertiser and media resources; (ii) technical and data capabilities; (iii) content creation ability; and (iv) industry experience.

Set out below is a breakdown of the revenues generated from the advertising related business units, the number of such advertising related business units and the related practitioners in various provinces and municipalities in China:

Province	Advertising Related Business Unit Revenue *(RMB billion)*	Advertising Related Business Unit Revenue Proportion *(%)*	Advertising Related Business Unit *(individual)*	Advertising Related Business Unit Proportion *(%)*	Practitioner of Advertising Related Business Unit *(individual)*	Practitioner of Advertising Related Business Unit Proportion *(%)*
Beijing	**240.8**	**30.1%**	**36,165**	**2.6%**	**128,459**	**2.3%**
Guangdong	99.7	12.5%	82,719	6.0%	389,758	7.0%
Jiangsu	86.8	10.9%	96,974	7.0%	558,300	10.0%
Shanghai	59.3	7.4%	340,477	24.7%	411,845	7.4%
Zhejiang	59.0	7.4%	61,545	4.5%	324,405	5.8%
Shandong	55.6	7.0%	110,926	8.1%	563,135	10.1%
Hunan	31.9	4.0%	87,798	6.4%	551,268	9.9%
Hubei	22.7	2.8%	41,034	3.0%	169,441	3.0%
Anhui	18.5	2.3%	41,312	3.0%	256,577	4.6%
Sichuan	18.3	2.3%	42,741	3.1%	222,672	4.0%
National Total	**799.1**	**100.0%**	**1,375,892**	**100.0%**	**5,582,253**	**100.0%**

Note: The advertising related business units including advertising companies and media.

Source: iResearch and State Administration of Market Supervision.

According to the data shown above, the number of advertising related business units (including advertising companies and media) of Beijing is lower than that of other major provinces or cities, but the revenue of advertising related business units in Beijing is the highest among those major provinces and cities, because there are many high-income media in Beijing. The existence of these media provides more market opportunities for advertising companies.

OFFLINE ADVERTISING MARKET IN THE PRC

Overview

Offline advertising market refers to the traditional advertising market. It consists of television advertising, radio advertising, newspaper advertising, magazine advertising and OOH advertising. Traditional forms of advertising under the offline segment has evolved continuously as a result of new advertising forms development and digitalization.

Traditional hard-sell advertising, such as television advertisement time slots, implements direct and insistent language advertising approach to induce consumers in purchasing goods and services in the short term. Whereas soft-sell advertising such as product placement, title sponsorship, verbal slogan or subtitle advertisement in variety shows or television series takes a more subtle and indirect approach. They are strategically designed to influence consumers by inducing positive emotional responses that are associated with the advertised products or services. This new form of content related television advertising has gained popularity among advertisers and audiences in recent years.

OOH advertising reaches consumers in public areas, transit, commercial and residential buildings. Transit advertising includes advertisement displayed on public transport and transportation terminals such as metro lines and high-speed rail stations. According to the statistics of the Guangzhou South

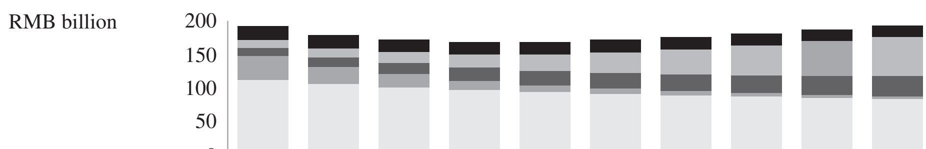
Railway Station Management Committee, the number of arrival passengers in Guangzhou South Railway Station increased by approximately 20.3% from 2017 to 2018, reaching approximately 163.0 million, with a daily arrival rate of approximately 0.45million passengers, creating an enormous end consumer reach. Commercial and residential buildings advertising can be found in or on the exterior of buildings, such as billboards, posters, elevators and bulletins. Commercialization of elevator advertising resources continued to grow as a result of urbanization in different cities in the PRC.

Market size

Despite the overall offline advertising market has experienced a slowdown in growth from 2014 to 2018 at a negative CAGR of approximately 3.3%, OOH advertising has been the main driving force and expanded during the slowdown of offline advertising at a CAGR of approximately 17.7% from 2014 to 2018. OOH consists of advertising in commercial properties, communities, and public transports. It is expected to increase in terms of revenue at a CAGR of approximately 13.0%, from approximately RMB54.2 billion in 2019 to RMB88.2 billion in 2023, accounting for 45.6% of the total offline advertising market size. Looking ahead, the overall trend of offline advertising market is expected to pick up in pace from approximately RMB171.8 billion in 2019 to approximately RMB193.3 billion in 2023, at a CAGR of approximately 3.0%.

Offline Advertising Market Size in Terms of Revenue, the PRC, 2014–2023E

CAGR	Television	Newspaper	OOH-Public Transport	OOH-Other	Other	Total
2014–2018	-4.2%	-27.6%	15.6%	19.8%	-2.5%	-3.3%
2019E–2023E	-2.2%	-13.6%	6.5%	17.1%	-1.9%	3%



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Other	21.0	19.9	18.2	18.8	19.0	18.6	18.3	17.9	17.6	17.2
OOH-Other	11.6	13.4	16.3	19.2	23.8	30.9	37.6	44.6	51.6	58.2
OOH-Public Transport	12.2	14.2	16.8	20.1	21.8	23.3	24.9	26.5	28.2	30.0
Newspaper	36.0	25.2	20.2	13.6	9.9	7.7	6.2	5.3	4.7	4.3
Television	111.6	106.0	100.5	96.8	93.9	91.3	89.0	87.0	85.1	83.5
Total	192.4	178.8	171.9	168.6	168.4	171.8	175.9	181.4	187.2	193.3

Note:

1. OOH-Other refers to commercial properties, community resources and others.
2. Other refers to radio and magazine.

Source: iResearch

Market drivers and future trends

Digitalisation of outdoor advertising: Digital outdoor advertising has been increasingly popular due to the capability of rolling display of multiple advertisements, better advertising display effect and potential interactive features. The development and prevalence of digitalisation is going to benefit and promote the overall outdoor advertising industry in the near future.

Increasing outdoor media channels: Urbanisation and infrastructure development such as high-speed railways, metros, airports, highways and commercial business districts will generate more outdoor area for OOH advertisements. According to the iResearch report, the number of cities with subways increased by 13 from 22 in 2014 to 35 in 2018, the total length in subway constructed increased from approximately 2,418 km to 4,727 km for the period. This in turn favors transportation terminal advertising as larger advertising space targeting higher amount of potential audiences in a relatively longer exposure period would be the competitive advantage for integrated marketing service providers.

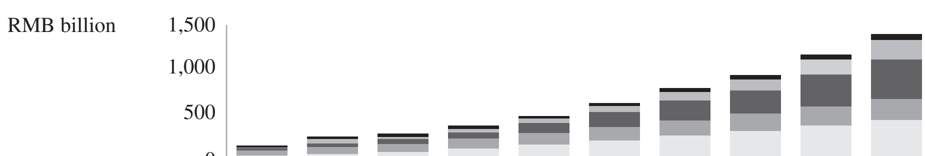
ONLINE ADVERTISING MARKET IN THE PRC

Overview

Online advertising can be categorized into four sub segments, (i) information retrieval advertising, refers to search engine advertisements, where advertisers purchase specific keywords and organic search ranking on web pages that matches the consumers' search results; (ii) content consumption advertising refers to a web based form of banners, text, images, flash displays on websites, applications or other online platforms, it also consist of audio, video applications and short video applications; (iii) E-commerce advertising is generally linked with relevant product images and websites that drives online sales; (iv) social media advertising refers to social media applications such as WeChat, Instagram and other forms of we-media embedded within the application, this form of advertising has been growing rapidly alongside with the influence of internet media giants such as Baidu, Alibaba and Tencent (the "**BAT**"), the BAT is constantly expanding and evolving, integrating their media products and services to increase the reach and conversion rates of advertisements to consumers and audiences.

Market Size of Different Types of Media in Online Advertising Market, the PRC, 2014–2023E

CAGR	2014–2018	2019–2023E
E-commerce media ads	42.0%	20.5%
Information retrieval media ads	22.4%	11.1%
Content consumption media ads	42.1%	27.9%
Social media ads	59.1%	33.0%
Other	9.8%	21.5%
Total	33.0%	22.2%



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Other (app stores and non-social media applications)	21.4	28.3	39.9	39.7	31.2	29.3	39.6	48.8	56.1	63.7
Social media ads	8.0	14.7	24.0	35.1	51.0	70.6	94.4	126.0	167.3	221.0
Content consumption media ads	26.2	36.0	54.7	68.2	107.1	164.5	221.9	285.4	357.9	440.6
Information retrieval media ads	58.9	77.7	88.6	112.9	132.4	152.8	172.8	192.4	212.7	232.5
E-commerce media ads	40.0	58.8	81.4	119.1	162.9	208.4	263.0	315.6	374.7	438.7
Total	154.6	218.5	288.5	375.0	484.4	625.5	791.6	968.2	1,168.6	1,396.5

Note:

1. Other refers to advertising revenue derived from online media such as app stores and non-social media applications, such as games and music applications

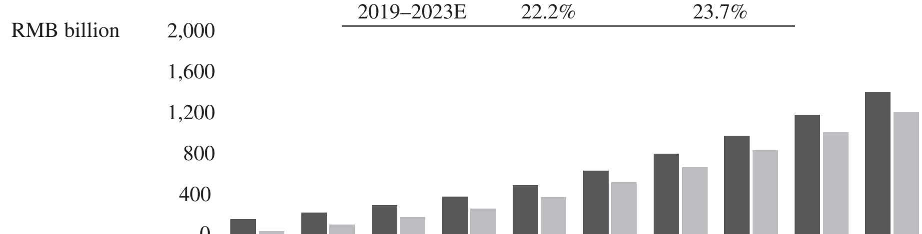
Source: iResearch

Market size

Due to the increasing popularity of the Internet, online advertising continues to develop rapidly and occupies the core driver of the PRC advertising market. The PRC's online advertising market size in terms of revenue has expanded from approximately RMB154.6 billion in 2014 to approximately RMB484.4 billion in 2018, representing a CAGR approximately of 33.0%. Noteworthily, mobile devices have become an indispensable part of our lives, the increasing penetration rate and growing users' acceptance towards mobile advertising resulted in a staggering growth from approximately RMB37.5 billion in 2014 to approximately RMB366.3 billion in 2018, representing a CAGR of approximately 76.8%, accounting for approximately 75.6% of the total online advertising revenue. It is expected the proportion will reach 85.9% in 2023, and mobile advertising will be the major driver of online advertising market development in the future.

Online Advertising Market Size in Terms of Revenue, the PRC, 2014–2023E

CAGR	Online ad market size	Mobile ad market size
2014–2018	33.0%	76.8%
2019–2023E	22.2%	23.7%



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Online advertising market size in terms of revenue	154.6	218.5	288.5	375.0	484.4	625.5	761.6	968.2	1,168.6	1,396.5
Mobile advertising market size in terms of reenue	37.5	99.8	175.0	255.0	366.3	513.1	660.4	824.8	1,000.5	1,199.6

Source: iResearch

Market drivers and future trends

Large audience base and high user stickiness: As the internet penetration rate is expected to reach 73.9% and the number of internet users expected to reach approximately 1.07 billion in 2023, expanding at a CAGR of approximately 4.80% from 2019. Internet advertising possesses a high level of exposure and ability to monetise internet traffic. Popular mobile applications such as social media platforms generate high user stickiness. Users are often familiarised with mobile advertising during their daily use of social media applications without imposing a high level of rejection, hence achieving a higher conversion rate.

Increasing popularity of in-feed advertising: It is expected an increasing amount in marketing budget will be allocated on in-feed marketing, as it is more audience focused than traditional advertising by bridging itself with the original contents that audience are concurrently consuming and creates a rapport between the advertiser and the user, resulting a higher acceptance and conversion rate.

Application prospect of artificial intelligence and data analytics: Integrated marketing service providers who are equipped with cutting-edge technologies such as data analytics and data tracking will gain more competitive advantages in the market. Vase accumulation of big data, algorithms and artificial intelligence drives precision marketing based on the consumers' behavioral database such as browsing history tracking, demographic information monitoring, and delivery of appropriate and precise advertisements in an efficient and effective manner.

Challenge and entry barriers

The development of online advertising market is greatly influenced by the media environment. The emerging media and entrance of internet traffic have brought sustained entry possibilities and vitality to the internet advertising market. For example, the emergence of short video media, live media, digital OOH and we-media has attracted and dispersed consumers' attention and become a new entrance to advertising traffic.

Therefore, for advertising agents, these emerging media bring uncertainty to the online advertising market, but also bring new entry possibilities. With the continuous emergence of emerging media, it is expected that more and more advertising companies will enter the online advertising market in the future, which will intensify the competition in the market. Advertising companies hope to maximise their profits by establishing cooperative relations with these emerging media. For advertising companies which wish to enter the online advertising market, their competitive advantages are usually reflected in three directions:

Advertiser resources: Advertising agents with stable advertiser resources can directly obtain the online advertising budget of these cooperative customers, which will help them enter the online advertising market more quickly.

Technical and data capabilities: Advertising agents' ability of technology and data can be directly transformed into service ability, which can help advertisers better realise consumer insight, media strategy and so on, and then produce better advertising effect. Therefore, advertising agents with technical and data capabilities will have greater competitive advantages when entering the online advertising market.

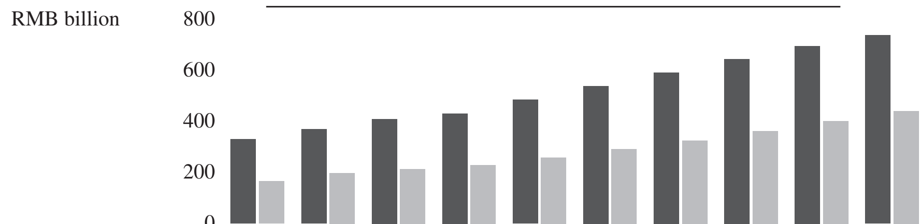
Industry experience: Whether in the online advertising market or offline advertising market, there is a common demand for consumer insight, media strategy and creativity, which need to be accumulated by advertising agents in their work practice. Therefore, in this respect, advertising agencies with rich industry experience (even related to offline advertising only) have a greater competitive advantage than the advertising agents which are completely new to the industry.

INTEGRATED MARKETING SERVICES IN THE PRC

Integrated marketing service providers offer a holistic marketing matrix combining design, advertising production capabilities and media resources to improve the efficiency and effectiveness of marketing strategies. As the demand for media diversification from advertisers has become more prominent, the value of integrated marketing service is increasingly significant. The market size of integrated marketing services in terms of revenue is expected to grow at a pace of approximately 10.9% in CAGR from 2019 to 2023, reaching approximately RMB438.5 billion in 2023.

Marketing Service and Integrated Marketing Service Market Size in Terms of Revenue, the PRC, 2014–2023E

CAGR	Marketing Service Market Size in Terms of Revenue	Integrated Marketing Service Market Size in Terms of Revenue
2014–2018	10.1%	11.8%
2019E–2023E	8.2%	10.9%



	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Marketing service market size in terms of revenue	328.3	367.8	407.0	429.4	482.2	535.7	588.2	641.2	691.2	733.4
Integrated marketing service market size in terms of revenue	165.1	197.3	213.4	228.9	258.1	290.0	323.7	360.1	399.5	438.5

Source: *iResearch*

Market drivers and future trends

Emergence of new advertising forms: Emerging advertising forms such as short video, live streaming (e.g. Inke) and digital OOH (e.g. LED screens outside shopping malls, interactive screens in elevators and on vending machines) are appealing to advertisers as they offer a variety of marketing choices with favorable performances, along with more value-added services such as advertising strategies, tracking and content embedding, which will open up more business opportunities for integrated marketing service providers.

Shift to content marketing: Content marketing refers to commercial communication behaviour with the purpose of marketing and content as the carrier, with various content formats such as video, graphics and games that are based on audience preferences and transmission of emotional resonance is gradually dominating the mainstream of the advertising industry. Anticipating an increase in demand from advertisers on content marketing, it is more profitable for integrated marketing service providers as the potential for value-added services such as content creation and production and content related sales generates higher profit margins.

Development of we-media platform: We-media refers to exclusive online platforms owned by enterprises or individuals, it can be found in large network user-based media platforms, such as instant messaging, online video, online music, short video, e-commerce and news mobile applications. The extended breadth and depth of reach in content marketing strengthens the integrated marketing service provider's service capabilities and competitiveness.

Expanding geographical reach: The increasing demand from advertisers' cross-region market development and expansion plans in the country will become the next strategic frontier for integrated marketing service providers. The accumulative of media resources and formation of a professional and vertically integrated sales team are the backbone of integrated marketing service providers when competing in regional markets. In formulating the plan for OOH resources acquisitions in different geographical locations, key factors such as resident population and urban passenger traffic should be taken into account in gauging the development of OOH advertising in the city. The greater volume in population, the higher audience traffic OOH advertising resources are exposed to. According to the iResearch Report, the resident population growth in Beijing and Shanghai remained stable from 2014 to 2018 as they remain amongst the most populated cities in the PRC, where the resident population growth in the Greater Bay Area, in particular, Guangzhou and Shenzhen, recorded an increase in CAGR of approximately 3.3% and approximately 4.9%. Urban passenger traffic on the other hand refers to the total number of urban residents traveling by different means of transportation, including railways, public vehicles, rented vehicles and ferries. The greater urban passenger traffic shall result a higher amount of audience coverage by OOH advertising, in particular, subway passenger traffic in Beijing, Shanghai, Guangzhou and Shenzhen recorded an increase in the first half of 2019 when compared to the first half of 2018. Moreover, airport passenger traffic in Beijing Capital International Airport and Guangzhou Baiyun International Airport experienced an annual growth of approximately 5.4% and approximately 5.9% respectively in 2018. The growth of OOH advertising in the Greater Bay Area, particularly in Guangzhou and Shenzhen will be substantial. Moreover areas such as Beijing and the Greater Bay Area are one of the most developed regions in the PRC with vigorous economic growth momentum, noteworthily in Beijing where major multi-national corporations and corporate headquarters are commonly based. The nominal GDP for Beijing and the Greater Bay Area are expected to grow at a CAGR of approximately 7.9% and 8.4% between 2019 and 2023, respectively, which exceeded that of 7.7% of the PRC national GDP overall.

Broadening application of data analytics and artificial intelligence technology: In the era of big data, companies are increasingly relying on data analytics and its application in marketing activities. Advances in the underlying technology have been the primary enabler of market growth. Through processing and analysing users' data, advertisers can implement more precise and personalised marketing strategies, which will greatly optimize end-user experience and improve the overall marketing effect. The abundance of data resources is closely related to the marketing campaign dissemination by profiling and reaching targeted audiences precisely. Nevertheless, the accumulation of data resources could not be achieved within a short period of time. The development of artificial intelligence technology would provide underlying support for data analytics, algorithms and computing capabilities in the marketing industry, enhancing implementation, application and execution of marketing strategies and contents in different marketing channels.

Challenges

Content marketing and multi-channel solutions capabilities: In online advertising, content is crucial in attracting the audiences' attention for engagement. Hence, it is essential for integrated marketing service providers to possess comprehensive capabilities in content marketing, not only in the aspect of designing and content optimization but also creating an immersive experience to generate rapport, engagement and most importantly conversion of audiences, in multimedia channels such as social media applications and online video platforms.

Increasing market competition: A large number of advertising service providers emerged in recent years engaging in the online and mobile marketing segment, which intensifies market competition. Often, integrated marketing service providers with higher quality of media resources demonstrate stronger bargaining power over general marketing agencies. Where traditional marketing service providers are likely to squeeze their margin for securing quality marketing channels while at the same time striving to improve conversion rates of audiences, their profit is likely to shrink in the long term.

Insufficient talents: It is essential for integrated marketing service providers to hire seasoned professionals in the growing online advertising market, whom are equipped with in depth understanding and expertise knowledge in data analytics and artificial intelligence, abilities in research and development and sharp sense of market dynamics. However, with insufficient talent resources, it takes time to cultivate and retain experienced professionals form larger scaled advertising services providers.

Entry barriers

In-depth industry knowledge: Since the revenue generation model of online advertising is more complicated compared to traditional offline advertising, marketing service providers are required to develop quantitative measuring tools on advertising results at speed. The nature of rapid development in the online advertising industry poses a challenge for new entrants as prospective marketing service providers must be aware of the latest digital medium and strategies in generating consumer reach. New entrants with limited operation and industry knowledge would deem challenging to compete with existing market players.

Channel resources: Channel resources are crucial for marketing services providers as popular channel resources accumulate large amount of user traffic and audience base. New entrants may lack sufficient industry experience, resources and the ability in acquiring and developing relationship with new channel resources.

Brand awareness: Advertisers generally prefer working with reputable marketing service providers who possesses prove track record and consistently reliable services with in depth insights on the advertisers' goods and services as well as their marketing requirements. Since new entrants are required to demonstrate their value and quality of services, unless they are able to provide a unique selling point at a competitive price, switching intentions from the advertisers is generally low.

Competitive landscape analysis

According to the iResearch Report, there were approximately 1.4 million advertising service providers operating in the PRC in 2018, representing an increase of approximately 22.5% from 2017. The total marketing service size in terms of revenue in the PRC was approximately RMB482.2 billion in 2018. The marketing service industry is highly fragmented and market competition has been intensifying, where the top ten marketing service providers whose shares are listed on domestic main boards of stock exchanges in the PRC and Hong Kong accounted for 16.9% of the total market in terms of revenue in 2018. Our Group contributed 0.04% of the total marketing service providers market in the PRC in 2018. The core market competitiveness lies in technological innovation and development, content creation and media resources acquisition for integrated marketing service providers in the fierce market.

Ranking of the top 10 marketing service providers whose shares are listed on the PRC stock exchange or the Stock Exchange by revenue, 2018:

Ranking	Company Name	Description	Revenue, 2017	Marketing share of marketing Service Market, 2017	Revenue, 2018	Market Share of Marketing Service Market, 2018
			(RMB billion)		*(RMB billion)*	*(%)*
1	Competitor A	A company provides brand management services to companies in the PRC.	15.2	3.6%	23.1	4.8%
2	Competitor B	A company that provides digital OOH advertising and has a leading position in elevator media.	12.0	2.8%	14.6	3.0%
3	Competitor C	One of the most outstanding large-scale comprehensive advertising companies in the PRC, providing integrated marketing communication services to customers.	11.3	2.6%	12.1	2.5%
4	Competitor D	An information technology service company that integrates omni-channel marketing.	8.2	1.9%	10.8	2.2%
5	Competitor E	A high-tech enterprise whose main business includes integrated marketing and internet advertising marketing.	2.7	0.6%	5.6	1.2%
6	Competitor F	A comprehensive marketing service company.	4.2	1.0%	5.3	1.1%
7	Competitor G	A company with integrated marketing services capabilities that provides customers with "one-stop" marketing services.	3.5	0.8%	3.4	0.7%
8	Competitor H	A data-based, content-oriented, technology-driven integrated marketing communications group.	2.6	0.6%	3.2	0.7%
9	Competitor I	A leading OOH advertising company with a strategic focus on airport and subway advertising operations.	1.8	0.4%	1.9	0.4%
10	Competitor J	A company that specializes in OOH advertising related to public transportation.	1.7	0.4%	1.8	0.4%
Top 10 total			63.2	14.7%	81.7	16.9%
Our Group			0.14	0.03%	0.2	0.04%
Others			366.1	85.3%	400.3	83.0%
Total			429.4	100.0%	482.2	100.0%

Source: iResearch

This section sets forth a summary of the most significant laws and regulations that affect our business in China.

REGULATIONS ON COMPANY ESTABLISHMENT

The establishment, operation and management of companies in China is governed by the PRC Company Law (《中華人民共和國公司法》), as promulgated by the Standing Committee of National People's Congress, or the SCNPC, on 29 December 1993 and effective on 1 July 1994, as and subsequently amended on 25 December 1999, 28 August 2004, in 27 October 2005, 28 December 2013 and 26 October 2018. According to the PRC Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail. According to the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》), which was promulgated by the SCNPC on 12 April 1986 and then amended on 31 October 2000, 3 September 2016, the Implementation Regulation of the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法實施細則》), as promulgated on 12 December 1990, amended on 12 April 2001 and 19 February 2014, the establishment of a wholly foreign-owned enterprise shall be subjected to record-filing administrative measures only, as long as the wholly foreign-owned enterprise does not involve the implementation of special access management measures prescribed by the State.

According to the Interim Measures for the Administration of Establishment and Change Filings of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which was promulgated by the Ministry of Commerce, or the MOFCOM, and became effective on 8 October 2016, and latest amended on 30 June 2018, the Administrative Regulations on the Company Registration (《中華人民共和國公司登記管理條例》), which was promulgated by the State Council on June 24, 1994, became effective on 1 July 1994, and latest amended on 6 February 2016, and other laws and regulations governing the foreign invested enterprises and company registrations, the establishment of a foreign invested enterprise and any capital increase and other major changes in a foreign invested enterprise shall be registered with the SAIC or its local counterparts, and shall be filed via the foreign investment comprehensive administrative system, or the FICMIS (the "**MOFCOM Filing**") if such foreign invested enterprise does not involve special access administrative measures prescribed by the PRC government.

REGULATION ON FOREIGN INVESTMENT

According to the Provisions on Guiding the Orientation of Foreign Investment (《指導外商投資方向規定》), which was promulgated by the State Council of the PRC on 11 February 2002, and came into effect on 1 April 2002, projects with foreign investment are divided into four categories, namely, encouraged, permitted, restricted and prohibited. If the investment falls within the industry sector which belongs to the encouraged category, such foreign investment can be conducted through a wholly foreign-owned enterprise. If the investment falls within a permitted category, such investment may be conducted through a wholly foreign-owned enterprise, provided certain requirements are met. However, if the investment falls within a restricted category, in some cases, the establishment of a joint venture enterprise will be required with a minimum shareholding requirement for the Chinese party, varying according to the industries. If the attempted foreign investment falls within a prohibited category, foreign investment of any kind is not allowed. Any industry not falling into any of the encouraged, restricted or prohibited categories is classified as a permitted industry for foreign investment. The encouraged, restricted and prohibited projects with foreign investment are listed in the Catalogue of Industries for Guiding Foreign Investment (2017 version) (《外商投資產業指導目錄(2017修訂)》), or the Catalogue, which was jointly promulgated by the National Development and Reform Commission, or the NDRC, and the MOFCOM, on 28 June 2017 and came into effect on 28 July 2017. The Special Management Measures for Foreign Investment Access (Negative List) (2019 version) (《外商投資准入特別管理措施(負面清單)(2019年版)》), or the Negative List, which came into effect on 30 July 2019, replaced the list of restricted and prohibited projects in the Catalogue. All industries not listed under the Catalogue are deemed to be permitted and the Negative List expands the scope of permitted industries by foreign investment by reducing the number of industries that fall within the Negative List where restrictions on the shareholding percentage or requirements on the composition of board or senior management still exists. According to the Catalogue and the Negative List, advertising service is a permitted industry for foreign investment access.

On 15 March 2019, the National People's Congress approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), or the Foreign Investment Law, which will come into effect on January 1, 2020, repealing simultaneously 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》). The Foreign Investment Law adopts the management system of pre-establishment national treatment and negative list for foreign investment. Policies in support of enterprises shall apply equally to foreign-funded enterprises according to laws and regulations. Foreign investment enterprises shall be guaranteed that they could equally participate in the setting of standards, and the compulsory standards formulated by the State shall be equally applied. Fair competition for foreign investment enterprises to participate in government procurement activities shall be protected. The Foreign Investment Law also stipulates the protection on intellectual property rights and trade secrets. The State also establishes information reporting system and national security review system according to the Foreign Investment Law.

REGULATIONS ON ADVERTISING

The Advertising Law of the PRC (《中華人民共和國廣告法》), or the Advertising Law, was promulgated by the SCNPC on 27 October 1994, and amended on 24 April 2015 and 26 October 2018. As the most important law aimed at regulating the advertising service industry, promoting the healthy development of the advertising industry and maintaining the socio-economic order, the Advertising Law applies to all commercial advertising activities for direct or indirect introduction of products or services promoted by product business operators or service providers via a certain medium and in a certain form within the territory of the PRC. Under the Advertising Law, advertising agent refers to any natural person, legal person or other organisation that on a commission basis provides advertisement design or production service or agent service and advertisement publisher refers to any natural person, legal person or other organisation that publishes an advertisement for an advertiser or for an advertising agent commissioned by an advertiser.

The Advertising Law sets the code of conduct for enterprise providing advertising services in China. The Advertising Law stipulates in detail the content, forms for distribution, productions and areas prohibited from advertising, as well as penalties and liabilities for violating the Advertising Law. The Advertising Law sets forth certain content requirements for advertisements in China, which include prohibitions on, among other things, misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anesthetic, psychotropic, toxic or radioactive drugs are also prohibited. Publishing of tobacco advertisements through mass media or public premises, public transportation vehicles or outdoor shall be prohibited. There are also specific restrictions and requirements regarding advertisements that relate to matters such as patented products or methods, pharmaceuticals, medical instruments, agrochemical, foodstuff, alcohol and cosmetics. For publishing of medical, drugs, medical machinery, pesticides, veterinary drugs and health food advertisements, as well as other advertisements subject to examination pursuant to the provisions of laws and administrative regulations, the advertisement contents shall be examined by the relevant authorities prior to publishing, and the advertisements shall not be distributed without going through examination. No organisation or individual shall forge, alter or transfer approval documents for review of advertisement.

Pursuant to the Advertising Law, advertising agencies and advertising publishers shall enter into written contracts among themselves in the conduct of advertising activities pursuant to the law. Advertising agencies shall not engage in any form of unfair competition in their conduct of advertising activities. Advertising agencies shall establish and improve upon their systems for registration, review and file management of advertising businesses pursuant to the relevant provisions of the State.

Advertising agencies shall verify the relevant proof documents pursuant to laws and administrative regulations, and verify advertisement contents. For advertisements with contents which are inconsistent with the proof documents or the proof documents are incomplete, advertising agencies shall not provide design, production or agency services. Advertising agencies shall publish their fee rates and fee collection method. For products whose manufacturing and sale are prohibited by laws and administrative regulations and provision of services prohibited by laws and regulations, no organisation or individual shall provide advertisement design, production, agency or publishing services.

REGULATIONS ON INTERNET ADVERTISING

The Interim Measures for Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), or the Internet Advertising Measures was promulgated by State Administration for Industry and Commerce of PRC, or the SAIC, on 4 July 2016 and came into effect on 1 September 2016. Pursuant to the Advertising Law and Internet Advertising Measures, entities engaging in the internet advertising are divided into internet advertisers, advertising operators and advertising publishers. Advertisers may publish advertisements on their own accord through their own websites or the internet media which they have the legal right to use, or appoint internet advertising operators or advertising publishers to publish advertisements. Regarding online media advertising, Icon Media, as the advertising operator, publishes advertisements on other parties' licensed online media platform, rather than acting as the advertising publisher to provide commercial online media services. Therefore, Icon Media as the advertising operator is not required to obtain any other licence except for the business licence, for operating its online advertising business. Internet advertisements shall be distinguishable and prominently marked with "advertisements", in order to enable consumers to identify them as advertisements. Advertisements posted or published through the Internet shall not affect normal usage of network by users. Advertisements published in the form of pop-up window on the Internet shall show the close sign prominently and ensure one-key closing of the window. It is not allowed to lure users to click on the content of advertisements by any fraudulent means. Advertising agencies and publishers are not allowed to attach advertisements or advertising links in the emails sent by the users without permission, or to attach advertisements or advertising links in the emails sent by the users without permission. An internet advertisement publisher or advertising agency, shall establish and maintain an acceptable registration, examination and file management system for its advertisers; examine, verify and record the identity information of each advertiser. The Internet Advertising Measures also require internet advertisement publishers and advertising operators to verify related supporting documents, check the contents of the advertisement and prohibits them from designing, producing, providing services or publishing any advertisement if the content and the supporting documents do not match each other or the documentary evidence thereof are insufficient.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

General administration of copyright

The Copyright Law of the PRC (《中華人民共和國著作權法》), or the Copyright Law, which was promulgated on 7 September 1990 and then took effect on 1 June 1991 and was amended in 2001 and in 2010, provides that Chinese citizens, legal persons, or other organisations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners enjoy certain legal rights, including right of publication, authorship, revision, preservation, reproduction, distribution, rental, information network transmission and any other rights enjoyed by a copyright owner. In line with the Copyright Law, a work created by a citizen during his/her completion of work assignment for a legal person or any other organisation shall be regarded as a work created in the course of employment and the copyright shall belong to the author. However, the legal person or the organisation assigning the work could own the copyright of works created in the course of employment according to the contractual agreement or the applicable laws and regulations, except for the right of authorship, which is preserved by the author.

Computer software copyright

Computer software is included in the forms of works referred to by the Copyright Law. On 30 January 2013, the State Council of PRC promulgated the Regulations on the Protection of Computer Software (《計算機軟件保護條例》), which took effect on 1 March 2013. Pursuant to the Regulations on the Protection of Computer Software, Chinese citizen, legal person or other organisation is entitled to the copyright of the software he/it has developed, whether the software is released publicly or not. Software copyright commences from the date on which the development of the software is completed. Software copyright protection does not extend to cover ideas, processing procedures, operational methods and mathematical concepts or the like used in the development of software.

On 20 February 2002, the National Copyright Administration issued the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》), which took effect on 20 February 2002. Pursuant to the Measures for Registration of Computer Software Copyright, the software being registered shall be independently developed software or software where important improvements have been made in terms of the functionality or performance of the original software through changes being made to the software with the approval of the original copyright owner. Software registration notices and other registration documents shall be made public, except where otherwise stipulated.

Trademarks

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) adopted on 23 August 1982 and subsequently amended on 22 February 1993, 27 October 2001 and 30 August 2013 and 23 April 2019 and came into effect on 1 November 2019 as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council in 3 August 2002 and amended on 29 April 2014. The PRC Trademark Office under the State Administration of Market Regulation handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark licence agreements must be filed with the Trademark Office for record. The PRC Trademark Law has adopted a ''first-to-file'' principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a ''sufficient degree of reputation'' through such party's use. After receiving an application, the PRC Trademark Office will make a public announcement if the relevant trademark passes the preliminary examination. During the three months after this public announcement, any person entitled to prior rights and any interested party may file an objection against the trademark. The PRC Trademark Office's decisions on rejection, objection or cancellation of an application may be appealed to the PRC Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings. If no objection is filed within three months after the public announcement or if the objection has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, at which point the trademark is deemed to be registered and will be effective for a renewable ten-year period, unless otherwise revoked. For licensed use of a registered trademark, the licensor shall file record of the licensing with the PRC Trademark Office, and the licensing shall be published by the Trademark Office. Failure of the licensing of a registered trademark shall not be contested against a good faith third party.

Domain names

The Ministry of Industry and Information Technology of the PRC, or the MIIT, promulgated the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》), or the Domain Name Measures, on 24 August 2017, which took effect on 1 November 2017, and replaced the Administrative Measures on China Internet Domain Name (《中國互聯網絡域名管理辦法》) promulgated by the MIIT on 5 November 2004. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide true, accurate and complete information of their identities to domain name registration service institutions. The applicants will become the holder of such domain names upon completion of the registration procedure.

REGULATIONS ON FOREIGN EXCHANGE

General administration of foreign exchange

According to the Foreign Exchange Control Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996, and was amended on 14 January 1997, and 5 August 2008, payments for transactions that take place within the PRC must be made in RMB. PRC companies or individuals may repatriate foreign exchange receipts received overseas or deposit overseas. Renminbi is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless prior approval is obtained from State Administration of Foreign Exchange, or the SAFE, and prior registration with SAFE is made. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Foreign investment

According to Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) which was promulgated on 10 May 2013 by SAFE, upon establishment of a foreign investment enterprise pursuant to the law, registration formalities shall be completed with the SAFE. In the event of subsequent changes in the capital of the foreign investment enterprise such as increase in capital, capital reduction, equity transfer, etc., registration change formalities shall be completed with the SAFE.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》), or the SAFE Circular No. 59, promulgated by SAFE on 19 November 2012 and was further amended on 4 May 2015 as well as 10 October 2018, approval is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. SAFE Circular No. 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of Chinese companies and further improve the administration on foreign exchange settlement for FIEs.

The Notice of the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded 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》), or the SAFE Circular No. 19, which was promulgated by the SAFE on 30 March 2015, and became effective on 1 June 2015, provides that a foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange administration has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the account). Pursuant to the SAFE Circular No.19, for the time being, FIEs are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding account for foreign exchange settlement pending payment with the foreign exchange administration or the bank at the place where it is registered.

Pursuant to the Circular on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular No. 13, which was promulgated by the SAFE and effective from 1 June 2015, the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment are cancelled and the procedure of foreign exchange-related registration are simplified. The investors shall register with banks for direct domestic investment and direct overseas investment.

Overseas investment and financing and round-trip investment

Under the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment 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》), or the SAFE Circular 37, issued by the SAFE and effective on 4 July 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, or SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment (《返程投資外匯管理所涉業務操作指引》) regarding the procedures for SAFE registration under the SAFE Circular 37, which became effective on 4 July 2014, as an attachment of Circular 37.

Stock incentive plan

On 15 February 2012, SAFE promulgated the Notice on Foreign Exchange Administration of PRC Residents Participating in Share Incentive Plans of Offshore Listed Companies (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or the Stock Option Rules, replacing the previous rules issued by SAFE in March 2007. Under the Stock Option Rules and other relevant rules and regulations, domestic individuals, which means the PRC residents and non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, who participate in a stock incentive plan in an overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly-listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents.

Dividend distribution

Under the PRC Company Law (《中華人民共和國公司法》), the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and the Implementation Rules for 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》), wholly foreign-owned enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with China accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. Wholly foreign-owned companies may, at their discretion, allocate a portion of their after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Regulations on Mergers & Acquisitions

On 8 August 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, which became effective on September 8, 2006 and was amended on 22 June 2009. Foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC, purchase the assets of a domestic company and operate the assets; or when the foreign investors purchase the asset of a domestic company, establish a foreign-invested enterprise by injecting such assets and operate the assets. As for merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or natural person in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or natural person, such merger and acquisition shall be subject to examination and approval of the Ministry of Commerce. The parties involved shall not use domestic investment by foreign investment enterprises or other methods to circumvent the requirement of aforementioned examination and approval.

REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, which was promulgated by the SCNPC on 16 March 2007, and became effective on 1 January 2008, and then amended on 24 February 2017 as well as 29 December 2018, and the Implementation Rules for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules, which were promulgated by the State Council on 6 December 2007, and became effective on 1 January 2008 and amended on 23 April 2019, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises pay enterprise income tax on their incomes obtained in and outside the PRC at the rate of 25%. Non-resident enterprises setting up institutions in the PRC pay enterprise income tax on the incomes obtained by such institutions in and outside the PRC at the rate of 25%. Non-resident enterprises with no institutions in the PRC, and non-resident enterprises with income having no substantial connection with their institutions in the PRC, pay enterprise income tax on their income obtained in the PRC at a reduced rate of 10%. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The Implementing Rules of the EIT Law define a "de facto management body" as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. Enterprises qualified as "High and New Technology Enterprises" are entitled to a 15% enterprise income tax rate rather than the 25% uniform statutory tax rate. The preferential tax treatment continues as long as an enterprise can retain its "High and New Technology Enterprise" status.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Tax Evasion 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》), which was signed on 21 August 2006 and effective in the mainland China from 1 January 2007, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued on 20 February 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the "Beneficial Owners" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) issued on 3 February 2018 by the SAT and effective from 1 April 2018, which replaces the Notice on the Interpretation and Recognition of Beneficial Owners in Tax Treaties (《國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知》) and the Announcement on the Recognition of Beneficial Owners in Tax Treaties (《國家稅務總局關於認定稅收協定中"受益所有人"的公告》) by the SAT, comprehensive analysis based on the stipulated factor therein and actual circumstances shall be adopted when recognizing the "beneficial owner" and agents and designated wire beneficiaries are specifically excluded from being recognised as "beneficial owners."

Value-added Tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》), or the VAT Regulations, which were promulgated by the State Council on 13 December 1993, and took effect on 1 January 1994, and were amended on 10 November 2008, 6 February 2016, and 19 November 2017, respectively, and the Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which were promulgated by the MOF, on 25 December 1993, and were amended on 15 December 2008, and 28 October 2011, respectively, entities and individuals that sell goods or labor services of processing, repair or replacement, sell services, intangible assets, or immovables, or import goods within the territory of the PRC are taxpayers of value-added tax. The VAT rate is 17% for taxpayers selling goods, labor services, or tangible movable property leasing services or importing goods, except otherwise specified; 11% for taxpayers selling transport services, postal services, basic telecommunications services, construction services, or real property leasing services, selling real property, transferring the land use right, or selling or importing the goods within specified scope listed, except otherwise specified; 6% for taxpayers selling services or intangible assets and not falling within the scope as specified in other items.

According to the Notice on the Adjustment to the Value-added Tax Rates (《關於調整增值稅稅率的通知》) issued by the SAT and the MOF on 4 April 2018, where taxpayers make VAT taxable sales or import goods, the applicable tax rates shall be adjusted from 17% to 16% and from 11% to 10%, respectively. Subsequently, the Notice on Policies for Deepening Reform of Value-added Tax (《關於深化增值稅改革有關政策的公告》) was issued by the SAT, the MOF and the General Administration of Customs on 20 March 2019 and took effective on 1 April 2019, which further adjusted the applicable tax rate for taxpayers making VAT taxable sales or import goods. The applicable tax rates shall be adjusted from 16% to 13% and from 10% to 9%, respectively.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

The Labor Law of the PRC, or the Labor Law (《中華人民共和國勞動法》), was promulgated on 5 July 1994 and lastly amended on 29 December 2018. The Labor Law stipulates the provisions on the establishment and annulment of employment relationship, essential contents of employment contracts, working hours, remuneration, labor safety and hygiene, social insurance and other welfare, and liabilities for violating the Labor Law, etc.. The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), or the Labor Contract Law, which was promulgated on 29 June 2007 and took effect on 1 January 2008, and amended on 28 December 2012, is primarily aimed at regulating the rights and obligations of employers and employees, including the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and the employees. Employers are prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance to national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and shall be paid to employees timely.

As required under the Regulation of Insurance for Labor Injury (《工傷保險條例》) implemented on 1 January 2004, and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on 1 January 1995, the Decisions on the Establishment of a Unified Program for Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Program for Urban Workers of the State Council (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated on 14 December 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated on 22 January 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) implemented on 22 January 1999 and then amended on 24 March 2019 and the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on 1 July 2011 and amended on 29 December 2018, employers are required to provide their employees in the PRC with welfare benefits covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Fund (《住房公積金管理條例》) which was promulgated by the State Council in 1999 and amended on 24 March 2002 and 24 March 2019, employers must register at the designated administrative centers and open bank accounts for depositing employees' housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.

OUR BUSINESS HISTORY

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 April 2019. Our Group underwent the Reorganisation in preparation for the Listing, pursuant to which our Company became the ultimate holding company for our Group. Details of the Reorganisation are set out below in "Reorganisation".

As at the Latest Practicable Date, our Company had three subsidiaries, namely Icon BVI, Icon HK and Icon Media. Icon BVI and Icon HK are investment holding companies incorporated in the BVI and Hong Kong, respectively. Icon Media is our operating subsidiary established in the PRC which carries out our Group's principal business in the PRC.

Our Group's history can be traced back to 26 June 2009 when Icon Media was established to carry out the business of traditional media in the PRC. During the period from 14 March 2017 to 14 December 2018, the shares of Icon Media were quoted on the NEEQ.

KEY BUSINESS MILESTONES AND ACHIEVEMENTS

Set out below are our key business developments:

Year	Event
2009	Icon Media was founded in Guangzhou.
2017	The shares of Icon Media were quoted on the NEEQ.
	Icon Media was awarded "Leading Brands (Industry) 2017" and "Top 100 Brands in GHM Greater Bay Area" by ABAS Expert Committee, Asiabrand Research and Asiabrand Assessment Center.
2018	Icon Media became a member of the Affiliated Chapter (Intellectual Property) of China General Chamber of Commerce.
	Icon Media withdrew the listing of its shares from the NEEQ.
2019	The Chimelong Project was awarded Gold Award in Crossover Marketing of the 11th Gold Vision Award organised by the Advertisers magazine (第十一屆中國廣告主金遠獎跨界營銷類金獎).
	The Chimelong Project was awarded Sliver Award in Agencies and Advertisers category of 19th International Advertising Awards (第19屆IAI國際廣告獎代理及廣告主組/整合營銷銀獎).

OUR CORPORATE HISTORY UP TO THE REORGANISATION

The following describes the corporate history of our Company and our subsidiaries which are material to the performance of our Group during the Track Record Period.

Our Company

Our Company was incorporated on 24 April 2019 as an exempted company in the Cayman Islands.

As a result of the Reorganisation and before the Share Offer, our Company became the holding company of our Group, and the entire issued share capital of our Company was held by Shining Icon as to 51.6%, Focus Wonder as to 25%, Sense One as to 13.4%, and Master Connection as to 10%. Please refer to the paragraph headed "Reorganisation" in this section for further details. The principal business of our Company is investment holding.

Icon BVI

Icon BVI was incorporated in the BVI with limited liability on 30 April 2019 to serve as an intermediate holding company as part of the Reorganisation. Upon its incorporation, Icon BVI was authorised to issue a maximum of 50,000 shares of US$1.00 each, one share of which was allotted and issued as fully paid at par to our Company, representing the entire issued share capital of Icon BVI. As such, Icon BVI became the direct wholly-owned subsidiary of our Company.

Icon HK

Icon HK was incorporated on 20 May 2019 in Hong Kong as a limited liability company. On the same day, one share was allotted and issued as fully paid to Icon BVI at a consideration of HK$1.00. As such, Icon HK became a direct wholly-owned subsidiary of Icon BVI and an indirect wholly-owned subsidiary of our Company. The principal business of Icon HK is investment holding.

Icon Media

We primarily conduct our business in the PRC through our operating subsidiary, being Icon Media, which principally engages in the business of an integrated multimedia advertising and marketing solution service provider.

Icon Media was established in the PRC on 26 June 2009 with an initial registered capital of RMB10.01 million. At the time of its establishment, Icon Media was wholly owned by Guangdong Huarong Culture Communication Advertising Co., Ltd.* (廣東華嶸文化傳播廣告有限公司) (previously known as Guangdong Qiao Xin Culture Communication Advertising Co., Ltd.* (廣東僑鑫文化傳播廣告有限公司)), a company established under the laws of the PRC with limited liability on 1 July 1998, which is an Independent Third Party ("**Qiao Xin Culture**").

On 23 June 2014, Ms. Liang Miaojuan, an Independent Third Party, acquired the entire share capital in Icon Media from Qiao Xin Culture at a consideration of RMB10.01 million. According to a shareholding entrustment arrangement entered into by Ms. Liang Miaojuan and Mr. Chow in March 2014, the shares of Icon Media were entirely held by Ms. Liang Miaojuan as the nominee shareholder for the interest and benefit of Mr. Chow during the period from 23 June 2014 to 16 March 2016. Further pursuant to an equity transfer agreement dated 15 March 2016, Mr. Chow acquired the entire equity interest in Icon Media through Hong Xi Investment from Ms. Liang Miaojuan on 16 March 2016.

Pursuant to an equity transfer agreement dated 19 April 2016, Hong Xi Investment transferred 20% and 15% of the share capital in Icon Media to Zun Hong Investment and Ms. Cai, respectively.

In contemplation of listing on the NEEQ, on 24 May 2016, Icon Media passed a shareholders' resolution approving, among other matters, the conversion of Icon Media from a limited liability company into a joint stock company with limited liability and the change of its name from Guangzhou Icon Media Co. Ltd* (廣州天泓傳媒有限公司) to Guangzhou Icon Media Joint-Stock Co. Ltd* (廣州天泓傳媒股份有限公司). Upon completion of such conversion on 5 July 2016, the share capital of Icon Media was RMB10,010,000 divided into 10,010,000 shares with a nominal value of RMB1.00 each, of which Hong Xi Investment, Zun Hong Investment and Ms. Cai held 6,506,500 shares, 2,002,000 shares and 1,501,500 shares, representing 65%, 20% and 15% of the share capital of Icon Media, respectively. On 14 March 2017, the shares of Icon Media were quoted on the NEEQ.

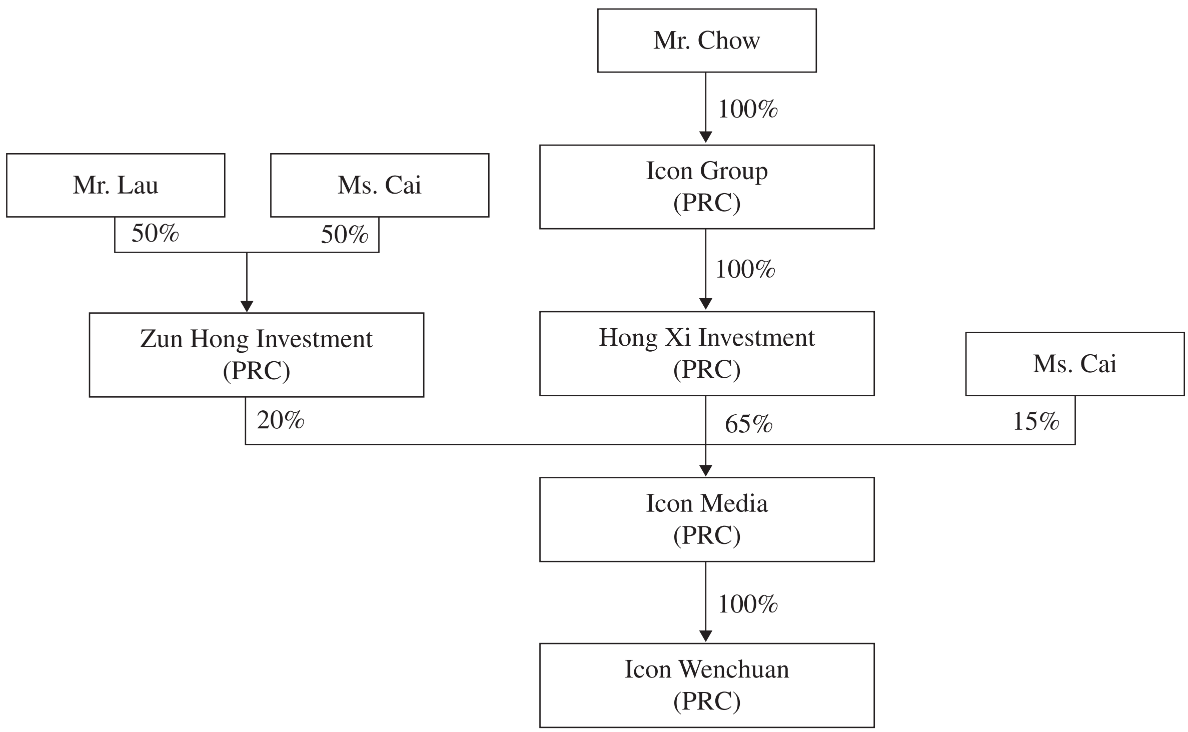
Icon Wenchuan

To facilitate the expansion of our business operation in Guangzhou, Icon Wenchuan was established by Icon Media in the PRC on 13 September 2017 with an initial registered capital of RMB50.01 million, whose principal business activity was providing various information technology services. On 29 December 2018, Icon Wenchuan was formally deregistered. Please refer to the paragraph headed "Reorganisation" in this section for further details. On the basis that (i) there is no record of material non-compliance in the official publicity systems, including the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) and the publicity systems of the State Taxation Administration (國家稅務總局) and Credit China (信用中國); (ii) a confirmation of no non-compliance from 1 January 2017 to 29 December 2018 was obtained from Guangzhou Administration of Market Regulation on 23 August 2019; (iii) the Liede Office of Guangzhou Tianhe District Administration of Taxation issued a tax clearance certificate to Icon Wenchuan on 26 December 2018, confirming that Icon Wenchuan had resolved all taxation matters and completed the taxation deregistration; and (iv) the successful completion of both the taxation deregistration and business deregistration, our PRC Legal Advisers are of the view that, during the Track Record Period and up to its deregistration, Icon Wenchuan was not subject to any material non-compliance.

Our PRC Legal Advisers opined that all the above-mentioned transfers and the deregistration have been legally completed.

OUR GROUP STRUCTURE

The following chart sets forth our Group's corporate and shareholding structure immediately before our Reorganisation:



REORGANISATION

In order to prepare for the Listing, we underwent the Reorganisation which involved the following steps:

1. Deregistration of Icon Wenchuan

Icon Wenchuan was established by Icon Media in the PRC on 13 September 2017 with an initial registered capital of RMB50.01 million, whose principal business activity was stated to be the provision of various information technology services.

Given that Icon Wenchuan had no operation since its incorporation and with a view to streamlining the structure of our Group, Icon Wenchuan was formally deregistered on 29 December 2018. Our PRC Legal Advisers opined that the deregistration was duly and legally completed in accordance with applicable PRC laws.

2. Withdrawal of listing from the NEEQ and conversion of Icon Media into a limited liability company

On 22 November 2018, the shareholders of Icon Media unanimously resolved to voluntarily withdraw the listing of Icon Media's shares from the NEEQ (the "**NEEQ Listing Withdrawal**"). On 12 December 2018, the relevant regulatory body approved the NEEQ Listing Withdrawal. On 14 December 2018, the shares of Icon Media ceased to be quoted on the NEEQ.

In light of the unique trading nature of the NEEQ in the form of negotiated transfer instead of a continuous auction mechanism, the frequency of trading in shares of Icon Media when it was listed on the NEEQ was extremely low. As such, there were no sufficient tradings to meaningfully reflect, determine or assess the trading performance of Icon Media at the NEEQ.

The PRC Legal Advisers are of the view that (i) Icon Media, its directors and members of its senior management had been in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects, and had not been subject to any disciplinary actions by the relevant regulators, during the period when its shares were quoted on the NEEQ and up to the NEEQ Listing Withdrawal; and (ii) there are no further matters in relation to the prior listing of Icon Media on the NEEQ that need to be brought to the attention of the Stock Exchange or our Shareholders.

Our Directors believe that the Listing will be in the interests of our Group's business development strategies, and would be beneficial to us and our Shareholders as a whole for the following reasons:

(1) the NEEQ is a market in the PRC open to qualified investors only, including (a) PRC corporate or partnership enterprise investors with paid-up capital of more than RMB5 million; (b) PRC natural persons with average daily financial assets within the latest 10 trading days over RMB5 million and with over two years' experience in financial product design, investment or risk control, or acting as a senior management in financial institutions; and (c) qualified PRC and foreign institutional investors. In addition, the NEEQ adopts a negotiated transfer or investor competing transfer trading mechanism rather than continuous auction mechanism, which significantly limits investor discovery and order execution. The nature of the NEEQ and its low trading volume could make it difficult to (i) establish the fair value of Icon Media; (ii) publicly raise funds; and (iii) execute substantial on-market disposals by Shareholders to realise value;

(2) in contrast, the Stock Exchange, as a leading player of the international financial markets, could offer us a direct access to the international capital markets, enhance our fund-raising capabilities and channels and broaden our Shareholders base. Accordingly, the Listing would provide us a viable source of capital to support our business growth; and

(3) a listing on the Stock Exchange will further raise our business profile and thus, enhance our ability to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group's business.

On 22 May 2019, Icon Media passed a resolution in an extraordinary general meeting to approve, among other matters, the conversion of Icon Media from a joint stock company with limited liability into a limited liability company and the change of its name from Guangzhou Icon Media Joint-Stock Co., Ltd* (廣州天泓傳媒股份有限公司) to Guangzhou Icon Culture Media Investment Co. Ltd.* (廣州天泓文化傳媒投資有限公司). Upon completion of such conversion, the registered capital of Icon Media was RMB36,820,000 and was owned as to 65% by Hong Xi

Investment, 20% by Zun Hong Investment and 15% by Ms. Cai, respectively. The PRC Legal Advisers opined that the conversion of Icon Media was duly and legally completed in accordance with applicable PRC laws.

3. Incorporation of our Group's offshore holding structure

Incorporation of Shining Icon, Master Connection, Focus Wonder and Sense One as corporate shareholders

On 16 April 2019, Shining Icon was incorporated in the BVI as a limited liability company. Upon its incorporation, Shining Icon was authorised to issue a maximum of 50,000 shares of US$1.00 each, one share of which was allotted and issued as fully paid at par to Mr. Chow, representing the entire issued share capital of Shining Icon.

On 16 April 2019, Master Connection was incorporated in the BVI as a limited liability company. Upon its incorporation, Master Connection was authorised to issue a maximum of 50,000 shares of US$1.00 each, one share of which was allotted and issued as fully paid at par to Mr. Lau, representing the entire issued share capital of Master Connection.

On 16 April 2019, Focus Wonder was incorporated in the BVI as a limited liability company. Upon its incorporation, Focus Wonder was authorised to issue a maximum of 50,000 shares of US$1.00 each, one share of which was allotted and issued as fully paid at par to Ms. Cai, representing the entire issued share capital of Focus Wonder.

On 17 April 2019, Sense One was incorporated in the BVI as a limited liability company. Upon its incorporation, Sense One was authorised to issue a maximum of 50,000 shares of US$1.00 each, one share of which was allotted and issued as fully paid at par to Mr. Chow, representing the entire issued share capital of Sense One.

Incorporation of our Company as the listing vehicle

Our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 24 April 2019 to act as the ultimate holding company of our Group. As at the date of incorporation of our Company, its authorised share capital was HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each, among which one Share, credited as fully paid, was issued to the initial subscriber, an Independent Third Party, which was then subsequently transferred to Shining Icon on the same day. On the same day, our Company further allotted and issued 134 Shares at par to Sense One as fully paid. Following such allotment, the issued share capital of our Company was entirely held by Shining Icon and Sense One.

Incorporation of Icon BVI as an intermediate holding company

On 30 April 2019, Icon BVI was incorporated with limited liability in the BVI. Icon BVI is authorised to issue a maximum of 50,000 shares of a single class of par value US$1.00 each. On the same day, one share was allotted and issued at par as fully paid to our Company. As such, Icon BVI became a wholly-owned subsidiary of our Company.

Incorporation of Icon HK as an intermediate holding company

On 20 May 2019, Icon HK was incorporated in Hong Kong as a limited liability company. On the same day, one share was allotted and issued at a consideration of HK$1.00 as fully paid to Icon BVI. As such, Icon HK became a wholly-owned subsidiary of the Icon BVI and an indirect wholly-owned subsidiary of our Company.

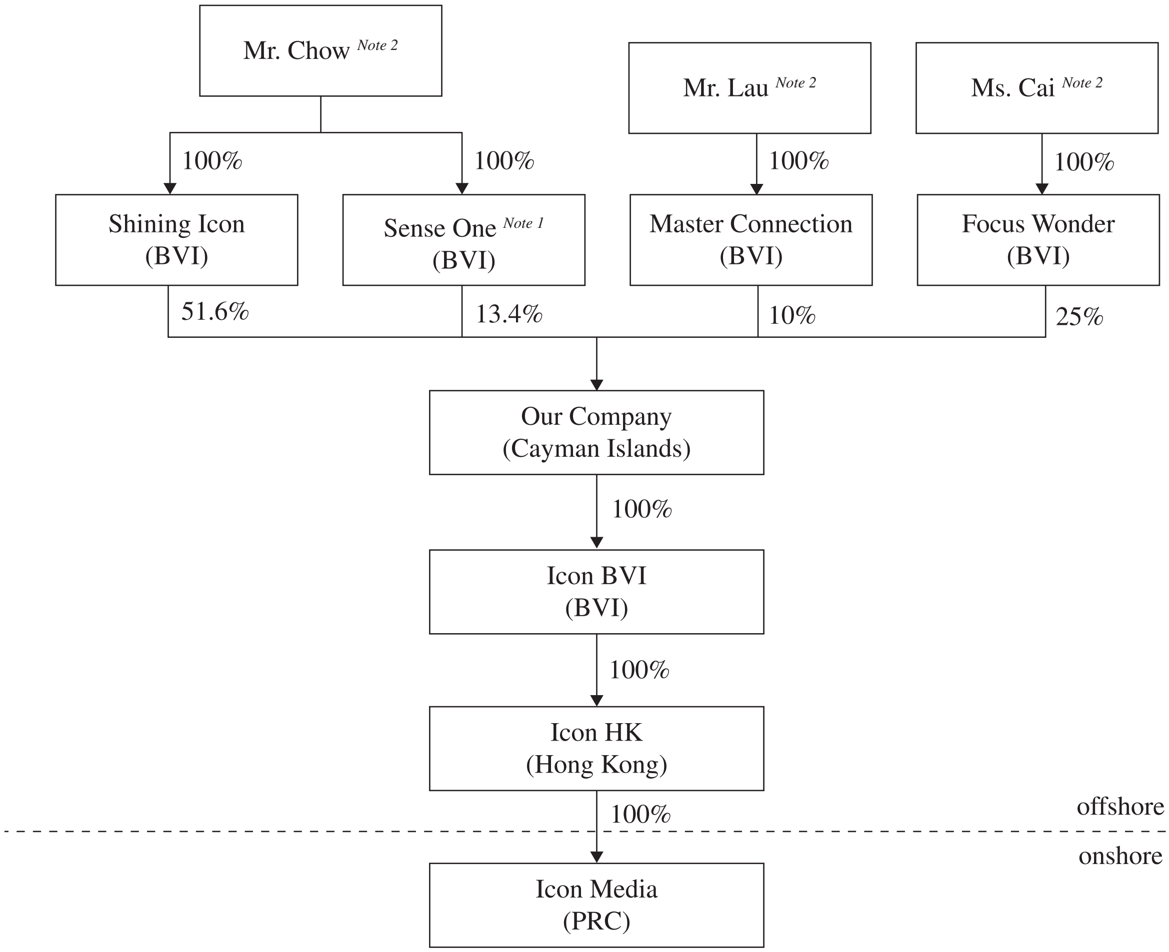
4. Transfer of equity interest in Icon Media

On 28 May 2019, an equity transfer agreement was entered into between Hong Xi Investment, Zun Hong Investment, Ms. Cai and Icon HK, pursuant to which Hong Xi Investment, Zun Hong Investment and Ms. Cai agreed to transfer their equity interest of 65%, 20% and 15% in Icon Media to Icon HK for a consideration of RMB31,675,410, RMB9,746,280 and RMB7,309,710, respectively. The consideration was determined based on a valuation performed by an independent qualified valuer in the PRC in accordance with the applicable valuation principles generally adopted in the PRC. As confirmed by the PRC Legal Advisers, the equity transfer was legally and validly completed on 30 May 2019 upon the issue of an updated business licence by Guangzhou Tianhe District Administration for Market Regulation to Icon Media. Icon Media also completed the filing for record to Guangzhou Tianhe District Administration of Foreign Trade and Economic Cooperation as a foreign invested enterprise and the consideration was settled. Upon completion of the equity transfer, the registered capital of Icon Media was owned as to 100% by Icon HK, and Icon Media was converted into a wholly foreign-owned enterprise.

5. Allotment of Shares to Shining Icon, Master Connection, Focus Wonder and Sense One

On 13 June 2019, our Company further allotted and issued 515, 100 and 250 Shares to Shining Icon, Master Connection and Focus Wonder, for a consideration of RMB31,675,410, RMB4,873,140 and RMB12,182,850, respectively. Following such allotments, our Company was owned as to 51.6%, 10%, 25% and 13.4% by Shining Icon, Master Connection, Focus Wonder and Sense One, respectively. Such allotments were legally completed and settled.

The corporate structure of our Group after the Reorganisation but immediately prior to the Capitalisation Issue and the Share Offer is set out below:



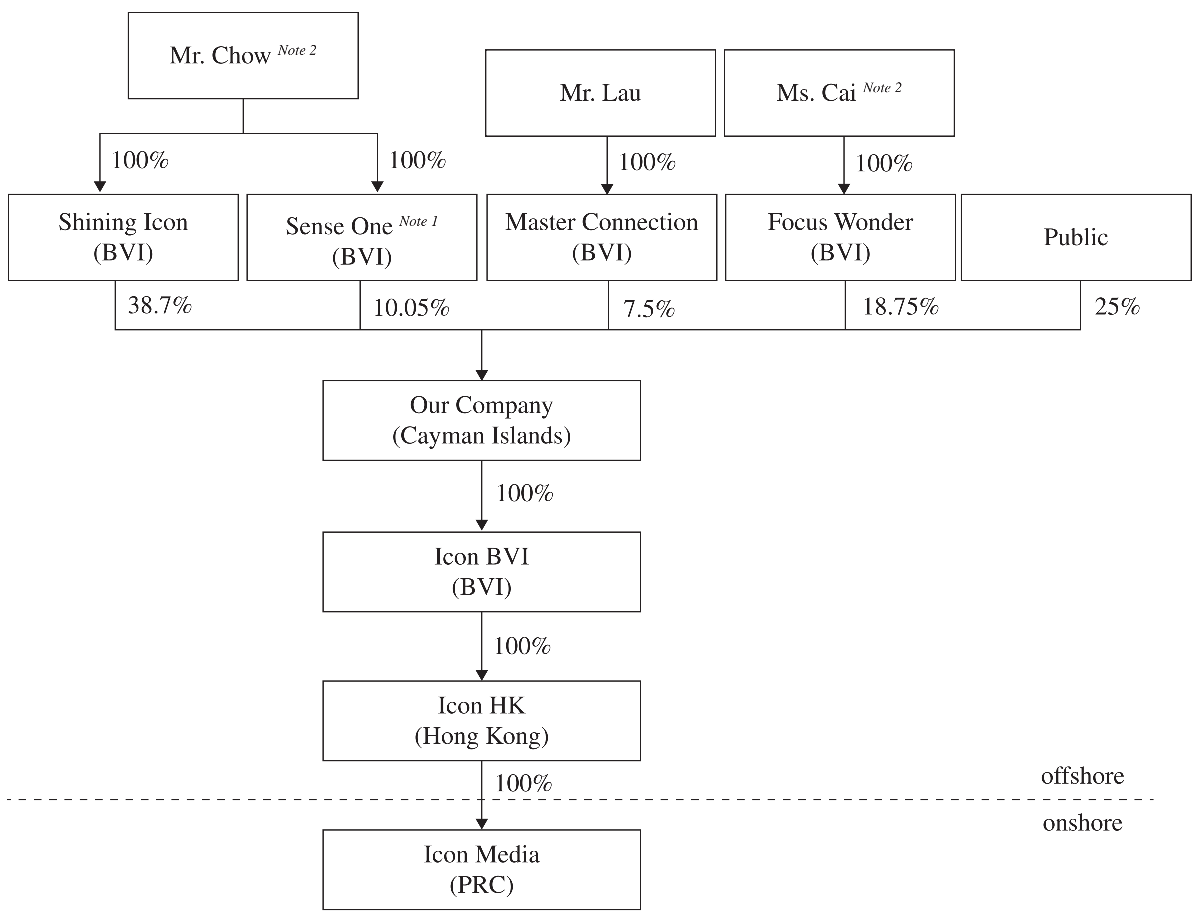
Note 1: The issued share capital of our Company held by Sense One will be used for implementation of future share incentive schemes for eligible employees of our Group nominated and approved by the Board. To implement such schemes, our Company intends to adopt a share award plan which will set out the rules governing the awards of the Shares to eligible employees after the Listing. The purpose of the proposed share award plan is to recognise and reward the contributions of the eligible employees of our Group to the growth and development of our Group through the award of Shares. Our Company has no immediate plan to implement such share incentive schemes and will consider such implementation following the Listing. The Shares held by Sense One will not be counted towards public float for the purpose of Rule 11.23 of the GEM Listing Rules and will be subject to the lock-up arrangement as more particularly elaborated in the sections headed "Underwriting — Underwriting arrangements and expenses — Undertakings to the Stock Exchange pursuant to the GEM Listing Rules — Undertaking by our Controlling Shareholders" and "Underwriting — Underwriting arrangements and expenses — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertaking by our Controlling Shareholders" in this prospectus after the Listing. Prior to the adoption of the proposed share award plan, Mr. Chow shall be entitled to the dividends, and exercise the voting rights, attached to the Shares held by Sense One. For further details of the proposed share award plan, please refer to the section headed "Appendix IV. Statutory and General Information — E. Proposed share award plan" in this prospectus.

Note 2: There is no shareholders' agreement among Mr. Chow, Mr. Lau and Ms. Cai in respect of the exercise of voting rights of their respective Shares.

CAPITALISATION ISSUE AND SHARE OFFER

Conditional on the share premium account of our Company being credited with the proceeds from the Share Offer, HK$1,349,990 will be capitalised from the share premium account of our Company and applied in paying up in full 134,999,000 new Shares for the allotment and issuance to the existing Shareholder of our Company, namely Shining Icon, Master Connection, Focus Wonder and Sense One on or before Listing.

Set forth below is the corporate structure and shareholding structure of our Group immediately after the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme):



Note 1: The issued share capital of our Company held by Sense One will be used for implementation of future share incentive schemes for eligible employees of our Group nominated and approved by the Board. To implement such schemes, our Company intends to adopt a share award plan which will set out the rules governing the awards of the Shares to eligible employees after the Listing. The purpose of the proposed share award plan is to recognise and reward the contributions of the eligible employees of our Group to the growth and development of our Group through the award of Shares. Our Company has no immediate plan to implement such share incentive schemes and will consider such implementation following the Listing. The Shares held by Sense One will not be counted towards public float for the purpose of Rule 11.23 of the GEM Listing Rules and will be subject to the lock-up arrangement as more particularly elaborated in the sections headed "Underwriting — Underwriting arrangements and expenses — Undertakings to the Stock Exchange pursuant to the GEM Listing Rules — Undertaking by our Controlling Shareholders" and "Underwriting — Underwriting arrangements and expenses — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertaking by our Controlling Shareholders" in this

prospectus after the Listing. Prior to the adoption of the proposed share award plan, Mr. Chow shall be entitled to the dividends, and exercise the voting rights, attached to the Shares held by Sense One. For further details of the proposed share award plan, please refer to the section headed "Appendix IV. Statutory and General Information — E. Proposed share award plan" in this prospectus.

Note 2: Given that Mr. Chow and Ms. Cai are core connected persons of our Company, their respective shareholdings would not form part of the public float of our Company upon Listing.

PRC LEGAL COMPLIANCE

SAFE Registration

Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and in Return Investment Via Special Purpose Companies (《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 No. 37**") promulgated by the SAFE which became effective on 4 July 2014, a PRC citizen residing in the PRC (a "**PRC Resident**") must register with the local branch of SAFE before he contributes assets or equity interests in an oversea special purpose vehicle, which is directly established or controlled by the PRC Resident for the purpose of overseas investment or financing.

Our PRC Legal Advisers are of the view that, given that Mr. Chow and Mr. Lau, our ultimate individual shareholders, are both Australian and permanent residents of Hong Kong and not PRC Residents, Mr. Chow and Mr. Lau are not subject to the registration requirement under Circular No. 37. As confirmed by our PRC Legal Advisers, Ms. Cai, one of our ultimate individual shareholders, has completed the foreign exchange registration of Focus Wonder on 24 May 2019 pursuant to Circular No. 37 regarding her offshore investment as PRC Residents.

Provisions on M&A

According to Article 2 of the Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investor (《關於外國投資者併購境內企業的規定》) (the "**Provisions on M&A**") promulgated by the MOFCOM which became effective on 8 September 2006 and was amended on 22 June 2009, "merger and acquisition of domestic enterprises by foreign investors" shall mean that a foreign investor purchases the equity interest of a shareholder in a non-foreign investment enterprise in the PRC ("**domestic company**") or subscribes for increased capital of a domestic company so as to convert such domestic company into a foreign-invested enterprise ("**merger and acquisition of equity interest**"); or a foreign investor establishes a foreign-invested enterprise, through which it purchases and operates the assets of a domestic enterprise by agreement, or, a foreign investor purchases the assets of a domestic enterprise by agreement and then invests such assets to establish a foreign-invested enterprise and operates the assets ("**merger and acquisition of assets interest**"). According to Article 11 of the Provisions on M&A, the merger and acquisition of a domestic company with a related party relationship by a domestic company, enterprise or individual in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual shall be subject to examination and approval by the MOFCOM. The parties involved shall not use domestic investment by foreign invested enterprises or other methods to circumvent the aforesaid requirements.

As advised by our PRC Legal Advisers, at the time of the merger and acquisition of the entire equity interest of Icon Media by Icon HK, Mr. Chow was, and still is, an Australian and Hong Kong permanent resident and was not a domestic natural person as defined under the Provisions on M&A, the Reorganisation did not involve merger and acquisition of equity interest and assets interest of a domestic company under Article 11 of the Provisions on M&A mentioned above and hence the rules under Article 11 of the Provisions on M&A do not apply, and the MOFCOM's approval is not required.

Further according to Article 40 of the Provisions on M&A, any overseas listing of a special-purpose company shall be subject to approval of the China Securities Regulatory Commission (the "**CSRC**"). As advised by our PRC Legal Advisers, our Company is not a "special-purpose company" (as defined under the Provisions on M&A), hence the CSRC's approval is not required.

Our PRC Legal Advisers confirmed that all necessary approvals, permits and licences required under the PRC laws and regulations in connection with the Reorganisation as set forth in this section have been obtained, and the Reorganisation has complied with all applicable PRC laws and regulations.

OVERVIEW

We are an integrated multimedia advertising and marketing solution service provider based in Guangzhou, the PRC and offer advertising and marketing solutions covering (i) traditional offline media including both OOH and indoor advertising platforms; (ii) online media; and (iii) PR, marketing campaigns and other services to our customers comprising brand owners, state-owned entities in the PRC, advertising agencies and government authorities. Our integrated multimedia advertising and marketing solution services primarily focused on the formulation of advertising strategies for our customers, and identifying and sourcing the most appropriate advertising resources and formats to maximise the effectiveness of our customers' advertisements.

Established in 2009, we strive to provide holistic solutions to our customers, including strategic planning, formulation of advertising solutions, provision and sourcing of advertising spaces, content production, co-ordination with advertising platforms, execution of advertisements, organisation of PR events and other promotional activities, as well as evaluation of the effectiveness of the advertisements. Our management team, in particular Ms. Cai and Ms. Liang (who joined our Group in July 2016 and June 2017 respectively), have played a vital role in re-positioning our Group as an integrated multimedia advertising and marketing solution service provider. Under their leadership, we have diversified our exclusive advertising resources, expanded our media operation and marketing team, and expanded our client base to include a number of well-known brands throughout the Track Record Period. During the period from 14 March 2017 to 14 December 2018, the shares of Icon Media, our indirect wholly-owned subsidiary, were quoted on the NEEQ.

Leveraging on our extensive experience in the advertising industry and our proven track record, we served over 180 customers from a wide spectrum of industries. In addition, by virtue of the experience and reputation of Ms. Cai and Ms. Liang in the industry, together with their successful business strategies, we were able to expand our service offerings and advertising resources to attract more customers to engage us for our advertising and marketing solution services. During the Track Record Period, our advertising and marketing solution services were offered in different industries linking with many well-known brand owners which include: (1) entertainment and leisure industry: Chimelong Group; (2) internet industry: (i) Tencent Group; and (ii) a leading interactive entertainment company in Asia; (3) household essentials and beauty-care industry: Liby Group; (4) banking and finance industry: (i) Guangdong Huaxing; and (ii) a leading joint stock large-scale commercial bank in the PRC and whose shares are listed on the PRC and the Hong Kong stock exchanges; (5) insurance industry: Hengqin Life Insurance* (横琴人壽) (an insurance company based in Zhuhai with national coverage); (6) property industry: KINGOLD Group, which is a connected person of our Group; (7) catering industry: Imperial Palace* (潮皇食府); (8) food & beverages: (i) a renowned Chinese medicine manufacturer in Hong Kong and in the PRC which focuses on production of traditional Chinese herbal remedies; and (ii) a renowned local milk brand in Guangzhou; and (9) automotive industry: (i) one of the largest sport utility vehicle and pick-up truck producers in the PRC whose shares are listed on the Stock Exchange; and (ii) one of the largest and luxurious car producers in the world whose shares are listed on the Frankfurt stock exchange.

With almost 10 years of operating history, we have established relationships with suppliers of media resources, including TV channels, owners of offline out-of-home advertising spaces in shopping malls, lifts, buses, and terminals (subway and railway). We generated approximately 81.2%, 80.9% and 81.8% from the provision of advertising and marketing solutions using traditional offline media for

FY2017, FY2018 and 1H2019, respectively. As at the Latest Practicable Date, we had certain exclusive advertising spaces at Guangzhou South Railway Station (for customers from property development and tourism industry sectors only), Shenzhen Futian Transportation Hub, China Railway's 12306 online ticketing system, elevators and lobbies in a shopping mall, commercial buildings, housing estates and a golf club in Guangzhou, the PRC. During the Track Record Period, we generated revenue of approximately RMB8.5 million, RMB24.6 million and RMB22.0 million from our exclusive advertising spaces, representing approximately 5.9%, 11.8% and 29.2% of our revenue during the Track Record Period, respectively.

With the development of technology and the internet, our Group also provides online multi-channels advertising solutions to our customers. During the Track Record Period, we were able to offer a wide range of online advertising resources based on preferences and behavior of internet users including social media and e-commerce platforms with the internet media giants in the PRC. During the Track Record Period, we recorded revenue of approximately RMB14.2 million, RMB14.5 million and RMB7.6 million from our online media advertising services segment, respectively.

We believe our holistic services and diversified coverage of traditional offline and online media platforms would allow us to adapt to the rapidly changing advertising industry, enabling us to identify appropriate and effective advertising and marketing resources to satisfy the needs of our customers. Our Group recorded a substantial growth in revenue from approximately RMB143.8 million in FY2017 to RMB208.9 million in FY2018, and from approximately RMB67.2 million for 1H2018 to approximately RMB75.6 million for 1H2019.

According to the iResearch Report, total advertising revenue in the PRC (including both online and traditional offline advertising) in the PRC is expected to grow continuously at a CAGR of 18.8% from RMB797.3 billion in 2019 to RMB1,589.8 billion in 2023. 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.

OUR COMPETITIVE STRENGTHS

We have proven track record in providing integrated multimedia advertising and marketing solution services

The advertising industry in the PRC is highly competitive and fragmented with a relatively low entry barrier. We have demonstrated a consistent record in delivering innovative and tailor-made advertising and marketing solutions through various media resources for our customers.

For example, we were engaged in the Chimelong Project. We were involved in, among others, (i) the formulation of marketing strategies; (ii) negotiation and execution of joint marketing event agreement with one of the largest internet companies in the PRC which is also the operator of a leading multiplayer online battle area game in the PRC; (iii) selection of and collaboration with other service providers, such as (a) production houses for the design and production of promotional materials; and (b) design houses for the design and production of VR and CG; (iv) arrangement for the promotional materials to be published in different media, such as social media and offline media; and (v) securing the intellectual property rights to be used in different media platforms. Please refer to the paragraph headed "— Our advertising resources and services — C. PR, marketing campaigns and other services" in this section for further details.

We have received various recognitions for our success on the Chimelong Project. In April 2019, the Chimelong Project was awarded as an "Innovative Case" and a "Distinctive Case" by the Platform Marketing Department of one of the largest internet companies in the PRC during its business partner summit (2019年度互娛平臺營銷部合作夥伴峰會創新案例獎、優秀案例獎). In May 2019, the Chimelong Project was awarded Gold Award in Crossover Marketing of the 11th Gold Vision Award organised by the Advertiser Magazine (第十一屆中國廣告主金遠獎跨界營銷類金獎), Silver Award in Agencies and Advertisers category of the 19th International Advertising Awards (第19屆IAI國際廣告獎代理及廣告主組／整合營銷銀獎), and Bronze Award in IP Marketing, Distinctive Award in tourism and sightseeing, as well as Distinctive Award in Integrated Marketing of the Tiger Roar Award (第10屆虎嘯獎IP營銷類銅獎、旅游觀光類優秀獎、整合營銷類優秀獎). Please refer to the paragraph headed "— Awards" in this section for details.

We were also engaged by Liby Group, one of our major customers, for the recommendation and formulation of integrated advertising strategies, and the provision of various kinds of advertising solutions for its products such as the placing of advertisements in subway, TV channels, LCD flat-panel displays in stores and buildings and LED screen on the exterior of commercial buildings.

As another example, we were engaged by a recurring customer to provide advertising and marketing solution services and to assist in organising promotional events for, among others, the debut of a new electric car of China's largest pick-up truck and sport utility vehicle manufacturer in 2018 (the "**Car Debut Project**"), as well as the Guangzhou Automobile Exhibition Awards (廣州車展大獎) in both 2017 and 2018. For the Car Debut Project, we were responsible for the formulation of marketing strategies, designing of marketing materials, execution of promotional events, etc. The format of the integrated multimedia advertising and marketing services involved in the Car Debut Project included offline dancing flashmob, online video advertisement of the flashmob dance, social media advertisement, etc.

As demonstrated from our success in our projects, we have established a proven track record in providing integrated multimedia advertising and marketing solutions to our customers, and we are able to offer a broad range of advertising and marketing resources covering indoor, OOH and online media. Our diversed media resources allow our customers to choose from a comprehensive pool of resources and save their time in identifying and reaching different types of suppliers and formulating effective advertising and marketing plans. Our Directors believe that we can satisfy the growing demands of our customers and help them reach out to a wide range of targeted consumers.

We have a loyal and diverse base of customers

We have a large and diversified customer base, comprising approximately 78, 135 and 70 customers with revenue recognised during FY2017, FY2018 and 1H2019, respectively. During the Track Record Period, our customers include major brand owners, dealers, advertising agencies and government authorities who were engaged in the tourism, internet, household essentials and beauty-care, banking and finance, insurance, properties development, catering and automotive industries.

Most of our customers are repeated customers and we have had business relationships for over two years with most of our major customers. Revenue of repeated customers (who had contracted with us more than once during the Track Record Period) represented approximately 78.3%, 85.1% and 43.6% of our revenue during FY2017, FY2018 and 1H2019, respectively.

In addition, we have entered into two long-term framework agreements with Liby Group and Mingrui Interactive, pursuant to which we would provide them with periodic advertising and marketing services in order to attract them to allocate a larger share of their marketing and advertising budgets to us for advertising and marketing purposes.

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.

Furthermore, we believe that having customers from a wide variety of industries reduces the risk of over concentration on any particular industry which may cause us to be more vulnerable to seasonality, economic cycles and fluctuations in a particular industry.

We have exclusive OOH advertising resources and exclusive advertising spaces at key locations with widespread coverage

We have secured exclusive advertising spaces at lobbies and inside the elevators in various shopping malls, commercial buildings, housing estates and a golf club in Guangzhou, the PRC. To further promote our own brand, we also installed our own frame displays under the registered brand name Visual Media . As at the Latest Practicable Date, we had a network of Visual Media frame displays at lobbies and inside the elevators in four commercial buildings, 16 housing estates and a golf club in Guangzhou, the PRC.

We have also obtained the exclusive right allowing us to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system of China Railway for journeys which end in Guangdong province, excluding Zhuhai. According to the contract entered into between our Group and Zhongxintong, we shall enjoy such exclusive right until 31 December 2020.

Moreover, we have secured certain exclusive advertising spaces in Shenzhen Futian Transportation Hub, as well as in Guangzhou South Railway Station. According to the statistics of the Guangzhou South Railway Station Management Committee, the number of passengers who used the Guangzhou South Railway Station was about 163 million in 2018. The average number of daily passengers arrived was about 446,000, which was 20.3% higher than that in 2017. Moreover, according to the iResearch Report, out-of-home advertising business layout will become an important competitive advantage for integrated marketing service providers in the future, especially for high-potential out-of-home scenes such as elevators and high-speed railways, which is precisely the focus of our Company.

We have established business relationships with a wide range of strategic partners

During the Track Record Period, we had established business relationships with more than 160 suppliers covering a wide range of advertising channels, including TV and radio channels, owners of offline out-of-home advertising spaces in shopping malls, lifts, buses and terminals (subway and railway). Leveraging on our relationships with our suppliers, we are able to (i) secure valuable and diversified advertising resources; (ii) obtain the most updated and first-hand information regarding the advertising resources available; and (iii) monitor the execution of the advertising solutions accurately. During the Track Record Period, we had also acquired exclusive rights from various suppliers for us to provide advertising and marketing services to our customers utilising their advertising spaces. We identify and source desirable exclusive advertising spaces mainly through (i) conducting marketing and industry researches to identify popular types and locations of advertising spaces; and (ii) direct approach by our suppliers for potential cooperation offering the chance of obtaining exclusive advertising rights provided by them. We would negotiate with the suppliers for details including the scope and terms of cooperation, target industry or location of business of customers for provision of advertising and marketing services on the exclusive advertising spaces, and the expected contract sum. If public tender is required for securing the exclusive advertising spaces, we would prepare the tender documents and participate in the tender process. Taking into account our industry reputation, scale of operation, cash flow and financial strength, our diversified customer base including different brand owners, advertising agencies and government authorities, and our track record in providing advertising services, we have been able to secure a number of contracts for exclusive advertising spaces from various suppliers at premium locations, such as certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station in the PRC. Please refer to the paragraph headed "— Our advertising resources and services — A. Exclusive advertising resources" in this section for details. Our Directors believe that by obtaining the listing status, our reputation and financial strength will be further enhanced which will give us a competitive edge over our competitors and we shall be able to further secure valuable exclusive advertising spaces from our suppliers in the future.

In addition, we have established business relationships with, among others, content production houses, creative designers and market research companies. The large network of partners enables us to choose from a comprehensive pool of resources and offer tailor-made advertising and marketing solutions to our customers, which save the time 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 relevant audience. Our strong customer base also in turn strengthens our business relationships with our partners and allows us to obtain more favourable pricing for our customers.

We have an experienced and dedicated management team with proven track record

Our management team is very experienced in providing integrated multimedia advertising and marketing solutions to customers in the PRC. In particular, our Ms. Cai and Ms. Liang, both executive Directors, are very knowledgeable in the media industry and have over 17 years and 20 years of industry and management experience, respectively.

We believe that the developments of our Group since 2016 are in no small part due to the experience, insight and leadership of Ms. Cai and Ms. Liang as part of our management team, who have brought a wealth of experience, reputation and resourcefulness in the media industry to our Group and strengthened our customers' confidence in our Group. In particular, while our Group's overall capability, including our resources coverage, understanding of customers' needs, proven track record, pricing strategies, experience and leadership of the management and project execution ability, have helped us to attract our many customers to use our services, our Directors believe that, in light of Ms. Cai's and Ms. Liang's experience and reputation in the media industry and their established relationships with our customers, the joining of Ms. Cai and Ms. Liang in July 2016 and June 2017, respectively, as our management and their personal involvements in various projects have strengthened our customers' confidence in our Group and were critical in bringing in new customers and maintaining the relationships with them.

Under the leadership of Ms. Cai and Ms. Liang, our management has strategically re-positioned our Group as an integrated multimedia advertising and marketing solution service provider as opposed to an advertising agency. Among other things, we have diversified our exclusive advertising resources, expanded our media operation and marketing team, and expanded our client base which included a number of well-known brands.

For diversifying our exclusive advertising resources, we (i) began to develop our exclusive advertising resources in April 2016 by firstly obtaining exclusive advertising rights from Guangzhou KINGOLD, a connected person of our Company, to commence advertising services with the network of Visual Media in various housing estates, shopping malls and commercial buildings. The number of available advertising spaces of Visual Media increased from 2,385 as at 31 December 2017 to 2,424 as at 31 December 2018 and remained at 2,424 as at 30 June 2019; and (ii) acquired exclusive OOH and online advertising resources such as 12306 online ticketing system of China Railway in November 2017, Guangzhou South Railway Station in January 2018 and Shenzhen Futian Transportation Hub in April 2018.

For expanding our media operation and marketing team, we have increased our number of full-time employees from 20 as at 31 August 2016 (around the joining of Ms. Cai and before the joining of Ms. Liang) to 43 as at the Latest Practicable Date. The additional employees were mainly deployed to assist with the media operation (including both online and offline media operation), and sales and marketing. The increased number of employees, coupled with the in-depth industry knowledge and extensive operational and management experience of our Group's management team under the leadership of Ms. Cai and Ms. Liang have succeeded in significantly expanding our customer base from 78 in FY2017 to 135 in FY2018. Correspondingly, our number of contracts increased significantly from 227 in FY2017 to 360 in FY2018. In view of the growing demand in online advertising in the PRC, Ms. Liang initiated and led our Group in launching our provision of online media services and integrated marketing solutions in FY2017. As a result, our Group began to generate revenue from the provision of online advertising services in FY2017; and the amount of revenue generated from the provision of online advertising services amounted to RMB14.2 million, RMB14.5 million and RMB7.6 million during the Track Record Period, respectively.

For expanding our client base, leveraging on our strengths and proven track record in offering integrated multimedia advertising and marketing solutions, our Group was able to attract well-known brand owners. During the Track Record Period, we offered advertising and marketing solution services to many well-known brand owners in different industries. In particular, since 2016 we have established and deepened our business relationships with Chimelong Group and Liby Group, two of our major customers. Notably, while Chimelong Group's first engagement of our Group in October 2016 (i.e. shortly after Ms. Cai's joining of our Group in July 2016) was a relatively small project in the PR, marketing campaigns and other services segment, generating a service fee of only RMB100,000, we subsequently secured a substantial amount of sizable projects from Chimelong Group and its related parties, which generated revenue of approximately RMB67.3 million during the Track Record Period for our Group. On the other hand, we have also secured the engagement to provide integrated multimedia advertising and marketing solution services to Liby Group covering the whole of the PRC and entered into a long-term framework agreement with Liby Group in January 2017 for the period between 1 January 2017 and 31 December 2019 with an initial aggregate contract sum of approximately RMB250 million, which facilitated our Group to generate stable income during the Track Record Period. In September 2019, we also entered into a framework agreement with Megahive, acting as the designated advertising agent of Liby Group, to further renew the contract period for three years from 1 January 2020 to 31 December 2022 on similar terms at a total non-legally binding contract sum of RMB250 million.

Given the importance of Ms. Cai and Ms. Liang to our Group, we have entered into a non-compete agreement with each of Ms. Cai and Ms. Liang on 18 October 2019, pursuant to which Ms. Cai and Ms. Liang agreed inter alia that in the two years immediately after the termination of their employment with our Group, they shall not (i) hold any position or be employed (whether or not as legal representative, shareholder, partner, director, supervisor, agent or any other capacity) in any media advertising, media, or film and television business, or any business which competes with our Group's business; (ii) induce any current customer or supplier of our Group and any customer or supplier of our Group with which they had contacted during her employment with our Group to cease its cooperation or business relationship with our Group; and (iii) induce any employee of our Group to terminate his/her employment with our Group or to employ such employee.

Over the years, our management team have built close relationships with our key suppliers and customers, accumulated in-depth knowledge of the industry and have stayed abreast of industry development and market trends. The in-depth industry knowledge and extensive operational and management experience of our management team and staff has helped us to foster a strong customer-oriented culture and ensured smooth execution of our projects.

In view of the growing demand in online advertising in the PRC, Ms. Liang initiated and led our Group in launching its online media services and integrated marketing solutions in 2017. Please refer to the section headed "Directors and Senior Management — 1. Directors — Executive Directors" in this prospectus for details and biographies of our executive Directors. With their experience, knowledge and insights, we believe that the management team can lead our Group to grow with the expanding advertising and integrated marketing markets in the PRC.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

We intend to strengthen our market position as an integrated advertising and marketing solution service provider in the PRC and increase our market share by implementing the following strategies.

Increase the coverage of our exclusive advertising resources

During the Track Record Period, revenue generated from our exclusive advertising resources increased significantly from approximately RMB8.5 million in FY2017 to approximately RMB24.6 million in FY2018, and from approximately RMB10.8 million for 1H2018 to approximately RMB22.0 million for 1H2019. Such increases were mainly attributable to the addition of exclusive advertising resources secured since the fourth quarter of 2017, namely: (i) the exclusive right to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system of China Railway (November 2017); (ii) certain exclusive advertising spaces at Guangzhou South Railway Station (January 2018); and (iii) certain exclusive advertising spaces at Shenzhen Futian Transportation Hub (April 2018). Gross profit from our exclusive advertising resources also increased from approximately RMB5.3 million in FY2017 to approximately RMB13.4 million in FY2018, and from approximately RMB6.3 million for 1H2018 to approximately RMB11.1 million for 1H2019. Our gross profit margins were generally higher because of the upfront payment we made to lock up the advertising spaces and less third-party intermediaries were involved in the exclusive arrangement. While intensive competition with other advertising and marketing solution service providers in the future may push up the price for exclusive advertising resources and could potentially create pressure on our profit margin, we believe price is only one of the many aspects in which we compete with our competitors for exclusive advertising resources. We believe we can continue to secure exclusive advertising resources with reasonable return on the back of our many competitive strengths such as our proven track record in the advertising industry, our loyal and diverse customer base, our financial strength and our prospective listing status, all of which will, as we believe, strengthen the exclusive advertising resources' owners' confidence in our Group and consider us a desirable strategic partner. Therefore, our Group believes increasing the coverage of our exclusive advertising resources would improve our profitability. We intend to (i) increase our presence in OOH resources (such as LCD flat-panel displays and frame displays) through collaborating with property developers and real estate management companies of commercial and housing estates situated in premium locations in Beijing, Shanghai and the Greater Bay Area; and (ii) secure more exclusive licensing arrangements for advertising spaces at public transportation hubs, such as airports, highspeed train stations and railway stations in the Greater Bay Area, Beijing and Shanghai; and (iii) secure other online advertising resources.

OOH advertising resources

Despite the overall slowdown of offline advertising, particularly with indoor advertising, due to the emergence of internet advertising, OOH advertising is expected to remain the driving force in offline advertising between 2019 and 2023, a forecasted CAGR of approximately 16.5% for advertising in public transport and approximately 17.1% for advertising in commercial properties and communities. According to the iResearch Report, the growth of OOH advertising in the Greater Bay Area, particularly in Shenzhen and Guangzhou, will be substantial. It is estimated that from 2019 to 2023, OOH advertising in the PRC will grow at a CAGR of approximately 12.9% from approximately RMB54.2 billion to approximately RMB88.2 billion, accounting for approximately 45.6% of the size of the entire offline advertising market in the PRC.

In formulating the coverage of our OOH resources, we take into consideration such factors as resident population and urban passenger traffic in Beijing, Shanghai, Guangzhou and Shenzhen as our selection criteria. Where Beijing and Shanghai remain amongst the top populated cities in the PRC, the resident population growth in the Greater Bay Area, in particular Guangzhou and Shenzhen, recorded a CAGR of approximately 3.3% and approximately 4.9% respectively from 2014 to 2018. Urban passenger traffic is another imperative indicator in measuring the development of OOH advertising in the city. According to the iResearch Report, urban passenger traffic refers to the total number of urban residents traveling by different means of transportation, including railways, public vehicles, rented vehicles and ferries. The greater urban passenger traffic shall result in a higher audience coverage by OOH advertising, and more OOH advertising resources shall be available in meeting advertisers' demand. As the major cities in the Greater Bay Area, Guangzhou and Shenzhen ranked third and fifth in the PRC's National Central City Passenger Traffic Ranking, reaching passenger traffic of approximately 3.0 billion and approximately 1.9 billion respectively in the first half of 2019. This strongly suggests that the OOH advertising development potential of these two cities is relatively high. Among all others, in particular, railway passenger traffic in Beijing, Shanghai, Guangzhou and Shenzhen recorded an increase in both 2018 and first half of 2019 on a year-on-year basis. Furthermore, airport passenger traffic in Beijing Capital International Airport and Guangzhou Baiyun International Airport experienced an annual growth of approximately 5.4% and 5.9%, respectively in 2018, suggesting that the greater the volume in population, the higher passenger traffic the OOH advertising resources are exposed to.

Our Directors believe that we will be able to secure sufficient demand to justify our expansion plan to acquire exclusive OOH resources for the following reasons:

- Our revenue attributable to the advertising services using our exclusive OOH advertising resources has demonstrated significant growth, from approximately RMB8.5 million in FY2017 to approximately RMB20.4 million in FY2018 and from approximately RMB9.4 million for 1H2018 to approximately RMB15.3 million for 1H2019, representing a growth rate of 140.0% and 62.8%, respectively. The growth rates of both periods far exceeded the CAGR of 15.6% for OOH — Public Transport and 19.8% for OOH — Other between 2014 and 2018, in accordance with the iResearch Report;

- The OOH advertising market is expanding. According to the iResearch Report, the market size of the OOH advertising market in terms of revenue has increased from RMB23.8 billion in 2014 to RMB45.6 billion in 2018 at a CAGR of 17.7%. Based on the forecasted demand in both OOH — Public Transport and OOH — others, the forecasted advertising revenue would reach RMB88.2 billion by end of 2023, representing a CAGR of 12.9% between 2019 and 2023;

- We registered significant growth in our customer base and generally high utilisation rates of our exclusive advertising resources during the Track Record Period. On the back of our record of growth, our competitive strengths set forth in the paragraph headed "— Our competitive strengths" in this section, and our prospective listing status after the Listing, we believe our Group is able to capture the future growth of the OOH advertising market and continue to increase our market share;

- Thanks to our management's insight about the trends in the ever-changing advertising industry and our relentless effort to understand our customers' needs, during the Track Record Period we were able to secure highly sought-after exclusive advertising resources, which has been reflected in the generally high utilisation rates of such advertising resources between 80.5% and 100% during 1H2019. Going forward, we will continue to identify and secure in-demand exclusive advertising resources based on the development in the advertising market and our customers' demand; and

- We have maintained our relationships with our major customers. For instance, after discussion with Megahive, one of our major customers, about their business plans and future demand for our services, we have recently entered into a framework agreement with a non-legally binding contract sum of RMB250.0 million with a contract period of three years commencing from 1 January 2020.

Online advertising resources

The PRC's online advertising market size in terms of revenue expanded from approximately RMB154.6 billion to approximately RMB484.4 billion from 2014 to 2018, at a CAGR of approximately 33.0%. According to the iResearch Report, online advertising is expected to grow robustly at a CAGR of approximately 22.2% from approximately RMB625.5 billion in 2019 to approximately RMB1,396.5 billion in 2023. The increasing popularity of online advertising will break geographical boundaries in implementing marketing strategies, bringing revolutionary changes to the advertising industry. Given the opportunities arised from the development of online advertising, our Group plans to further expand into the segment.

As an integrated multimedia advertising and marketing solution service provider, we have considerable experience in internet advertising, delivering advertisements to netizens such as WeChat users, video streaming site audiences and search engine users. We have also established stable relationships with a handful of KOLs which have participated in promotion of products or services by implementing advertising measures such as instant sharing of short video clips and advertorials. As the market for online advertising and the forms of online advertising resources are constantly and rapidly evolving, going forward, our management will actively seek for new types and forms of resources for the development and expansion of our online advertising business.

In particular, given the broad ownership of mobile devices and usage of mobile applications, opportunities in app store marketing has arisen in the field of online advertising. Similar to search engine marketing for websites, app store marketing is solely utilised for applications. It is the process of improving mobile apps ranking, frequency in search results and generating downloads within an app store by implementing keyword and conversion optimisation. According to the iResearch Report, advertising revenue generated from online media such as app stores and mobile applications is forecasted to grow at a CAGR of approximately 21.5% from approximately RMB29.3 billion in 2019 to approximately RMB63.7 billion in 2023. During the Track Record Period, our Group has collaborated with an app store advertising service provider for its search ads platform which provides app store optimisation services in respect of the apps listed on a major app store, where our Group coordinated our customers' app store marketing campaigns. Our services focused on facilitating the use of such search ads platform to increase the in-app visits and generate organic downloads by promoting search results frequency and exposure and increasing the apps' traffic in the app store. During the Track Record Period, our Group recognised revenue generated from the app store search marketing services on a net basis. We charge our customers on a cost per download basis for their apps on the app store. Our pricing strategy for the provision of app store search marketing services and the unit price for each download were determined on a case-by-case basis with reference to, among others, (a) the nature of services required; (b) the scale and complexity of a marketing campaign; (c) the timeframe involved; (d) the fees charged by our suppliers; (e) our target profit margin; and (g) the budget of our customers as well as future opportunities of cooperation with the customers.

To further cope with our customers' need in promoting their mobile apps, we intend to carry out in-depth cooperation with app store advertising service providers by securing exclusive agency relationships with selected app store advertising service providers whereby we would become the designated agency (either exclusively or being one of the designated agencies) of the relevant app store advertising service provider to serve the customers in selected regions (such as southern China) who wish to use such app store advertising service provider's platforms and services. The cooperation will help us secure access to such app store advertising services, define the pricing of the services provided, assure the support to be provided by such app store advertising service provider, and streamline the workflow between us and the app store advertising service provider, which we believe will translate into more effective and efficient services to our customers. Our Directors believe that expanding our Group's coverage into online advertising resources, in particular, app store marketing, could bring about opportunities for growth in our online advertising segment.

To implement our strategy in relation to exclusive OOH and online advertising resources, we intend to (i) invest approximately RMB20.0 million of a mix of net proceeds and internally generated funds in the next two years to secure more exclusive licensing arrangements for advertising spaces at public transportation hubs, such as airports, highspeed train stations and railway stations in the Greater Bay Area, Beijing and Shanghai; (ii) invest approximately RMB5.0 million internally generated funds in the next two years to increase our presence in OOH resources (such as LCD flat-panel displays and frame displays) through collaborating with property developers and real estate management companies of commercial and housing estates situated in premium locations in Beijing and Shanghai, as well as Shenzhen and Guangzhou within the Greater Bay Area, as over 70% of China's top 20 Advertisers are headquartered in these regions; and (iii) invest approximately RMB7.8 million mainly net proceeds in the next two years to secure exclusive rights for advertising spaces with online advertising resources such as cooperation with a prominent service provider on app store search result optimisation with global coverage. For details, please refer to the paragraph headed "— Amount of funds to execute our business strategies" in this section.

We believe that the increase in our coverage will further improve our position in offering integrated advertising solutions; provide us with stronger economies of scale; allow us to increase our reach to brand owners and advertising agencies, thereby broadening our customer base and attracting new customers. As at the Latest Practicable Date, we have not identified any specific property, property developer, real estate management company for exclusive advertising spaces nor any specific online advertising resources target for exclusive cooperation.

Actively expand our customer base and sales by extending business coverage and service offerings

Extending business coverage

During the Track Record Period, we offered integrated advertising and marketing solution services to customers mainly located in the southern China. It is our strategy to expand our customer base by attracting new customers from growing regions and cities where their consumer spending, demographics or other metrics would favour our business model. Given the economic growth in the northern regions and the Greater Bay Area in the PRC, we believe there are opportunities for geographical expansion into these areas. During the Track Record Period, through our services, our customers' advertisements were placed on the China Central Television, Hunan Provincial Satellite TV Station, as well as WeChat Moments (微信朋友圈) and Tencent Guangdiantong (廣點通), a leading online advertising platform. As online advertising will be a major growth driver of the advertising industry, such platforms are capable of reaching internet users all over the PRC. According to the iResearch Report, online advertising is expected to grow robustly at a CAGR of approximately 22.2% from approximately RMB625.5 billion in 2019 to approximately RMB1,396.5 billion in 2023. Leveraging on our wide network of suppliers and the growth of online advertising, our advertising resources will benefit from a wider customer base across the PRC by extending our business coverage.

To strengthen our business presence in the advertising market in the Greater Bay Area, we intend to set up a new office in Shenzhen. According to the iResearch Report, the Greater Bay Area is one of the most developed regions in the PRC with vigorous economic growth momentum. The nominal GDP of the Greater Bay Area is expected to grow at a CAGR of approximately 8.4% between 2019 and 2023, which will exceed that of approximately 7.7% of the PRC overall. The advertising audience in the Greater Bay Area is sophisticated and the consumer spending power of residents in Shenzhen remains strong. In 2018, the annual per capita income and annual per capita consumption of Shenzhen were approximately 20.2% and approximately 15% higher than the overall Greater Bay Area in the PRC. The high level of consumer spending power of residents in Shenzhen attracts multi-nation companies such as Huawei and Tencent to headquarter in the region. In 2018, approximately 70.0% of the national top 20 advertisers are headquartered in Beijing, Shanghai and the Greater Bay Area. With the establishment of an office in Shenzhen, we would be concentrated with advertising resources and strengthening our relationships with the strategic partners in the area. On 9 August 2019, the State Council of the PRC issued an opinion on supporting Shenzhen's efforts to build a "Pioneering Model Zone of Socialism with Chinese Characteristics (中國特色社會主義先行示範區)", only one of its kind in mainland China. With the support of the State Council, it is expected that Shenzhen will enjoy a series of preferential policies which would benefit the development of local advertising industry. The State Council's opinion is an indication of the vision of our management team and also strengthens our intention to set up a new office in Shenzhen. As part of the Greater Bay Area was covered by our Guangzhou headquarters, we intend to hire five employees for our sales and service team for the expansion of our Shenzhen office, which is currently expected to include one managerial staff to oversee the operation and strategic planning, three sales and marketing staff for business development and customer servicing and one administrative staff to provide back-end support.

We also intend to establish an office in Beijing to expand our customer base in the growing advertising market in the northern part of China including Beijing and Shanghai. Our Beijing office will be dedicated to sourcing and reaching out to our existing and potential customers in northern China. It would help demonstrate our commitments to provide timely and effective integrated advertising solutions to enterprises in the region, in particular, state-owned enterprises, government authorities, banks and financial institutions which are generally based in Beijing; and multi-national companies whose headquarters are generally located in Shanghai. Close connections with the local markets would help us to keep abreast with the market trends, to understand the consumer behaviour and effectiveness of different media resources in the region. Similar to the competitive landscape of the advertising marketing in China as a whole, the advertising industry in the northern part of China is competitive and crowded with sizeable players. In terms of the distribution of integrated marketing service providers, about 60% of the national top 10 integrated marketing service providers are headquartered in Beijing, including Blue Focus (藍色光標), Hylink (華揚聯眾), Spearhead (華誼嘉信), Inly (引力傳媒), Yuanlong Yato (元隆雅圖) and Shunya (宣亞國際). In addition, the advertising market in the northern China, in particular Beijing, is very active. Accordingly to the iResearch Report, the revenue generated by companies in Beijing which were engaged in the advertising market (including media and advertising agencies) reached RMB240.8 billion in 2018, being the highest among all provinces and municipalities in China, and accounting for 30.1% of the national total, ahead of second-placed Guangdong province which accounted for 12.5% of the national total.

While customer care and service depends much on face-to-face meetings as elaborated, the ultimate delivery of advertising services is hardly restricted by geographical boundaries. As such, our business model and skills are transferable. Moreover, during the Track Record Period, we had provided advertising services for ultimate advertisers which are based outside Guangdong province, including Beijing, which accounted for approximately 46.2% of our revenue for 1H2019. These ultimate advertisers included, for example, listed companies which are owners of nationally renowned brands in the liquor industries, as well as state-owned banks with headquarters in Beijing. However, the majority of our customers during the Track Record Period were located in Guangzhou or Guangdong Province. As part of our expansion plan into the northern part of China, we intend to identify, as our primary target customers in the northern part of China, brand owners in, among others, the liquor industry, fast moving consumer goods industry and banking industry, as we have experience in providing advertising services to advertisers in these industries.

We believe the experience that we have acquired through providing various kinds of advertising and marketing solution services to (a) customers from different areas of China in complex projects, like the Chimelong Project; (b) ultimate advertisers which are based in Beijing; (c) ultimate advertisers in specific industries like liquor industry, fast moving consumer goods industry and banking industry, coupled with our other competitive strengths as descried in the section headed "Business — Our competitive strengths", would be conducive to our expansion into the northern part of China and offer us a competitive strength over other local and regional players in the northern part of China.

For our expansion of Beijing office, we intend to hire ten employees, comprising one managerial staff to oversee the operation of the Beijing office, five sales and marketing staff for business development and customer servicing, two staff for procurement of advertising resources and two administrative staff to provide back-end support. Our Group intends to apply the net proceeds of approximately HK$10.6 million, representing approximately 22.8% of the net proceeds from the Share Offer (based on the mid-point of the indicative Offer Price range) to extend our business coverage to other regions of China.

Our Directors believe that, with offices set up in Shenzhen and Beijing, we will have local teams which understand the local business environment, and have established connection in the local market, which will help us to identify and capture valuable advertising resources and attract new customers. Besides, with our boots on the ground, we will be able to provide more immediate and first-hand support to our customers situated in the Greater Bay Area and the northern part of China. They will be able to offer regular attendance to our customers' need by, among other things, (i) meeting our customers frequently to discuss and understand the updated market trend and sales direction in our customers' industry and assist them to formulate, implement, supervise and review from time to time their online and offline advertising strategies; (ii) conducting local market research relating to our customer's business, industry status and competitive landscape utilising our resources established and offices set up in the respective areas; and (iii) providing round-the-clock and immediate responses to the demands and claims from our customers and swiftly arranging for manpower if necessary, which we believe are important to the provision of quality advertising services. In addition, a physical office will also facilitate the expansion of our content creation team, details of which are set out in the sub-paragraph headed "Extending service offerings" below, where our creative staff will be able to (i) conduct meetings from time to time in order to formulate creative ideas; (ii) discuss with our media operation team to understand our customers' need; and (iii) present or illustrate creative proposals to our customers. In order to heighten our reputation and customers' awareness and expand our customer base in the Greater Bay Area and the northern part of China, we believe that it is crucial to have local offices set up and local staff working in areas where our customers operate, where we can easily come face-to-face with our customer upon request, which, in particular, will help us to provide timely production and editing services on advertising content and advice on advertising strategies, campaign planning, execution and post-launch review. We believe that our physical presence and quality of service would enable us to develop deeper, longer-lasting relationships with our customers, and also to effectively identify new opportunities and new customers situated in the respective areas.

Extending service offerings

During the Track Record Period, our integrated advertising and marketing services provided to our customers include strategic planning, advertising solutions formulation, content creation, and provision of our exclusive and non-exclusive advertising resources.

With our in-depth experience in the relevant advertising resources and the advertising industry, we would provide our advices on the design of advertisements and assist our customers to communicate the requirements and needs of the advertisements with the content production houses. As part of our provision of integrated advertising and marketing services, we maintained close and frequent contacts with our customers to understand the needs and the aims of each advertisement to be placed. Based on the needs of our customers, our content creation team directly produced advertising posters for frame displays and lightboxes in mainly OOH advertising resources for some of our customers during the Track Record Period. In the event that our in-house content creation team is unable to satisfy the needs of extensive content creation services, we would engage third-party production houses for the production of advertisements for our customers and remain to be involved as a consultant to advise our customers on the overall advertisement design and layout and as a conduit in communicating the needs and requirements of customers with the content production houses. During the Track Record Period, we derived revenue of approximately RMB57.9 million, RMB120.3 million and RMB26.6 million, representing approximately 40.3%, 57.6% and 35.1%, respectively, of our total revenue during the Track Record Period from advertising projects where we were involved in content creation whether as direct provider or as conduit in bridging our customers and production houses. We also incurred approximately RMB11.8 million, RMB20.7 million and RMB6.0 million production cost for engaging suppliers for the provision of relevant services to the extent that such services would (i) require expertise or technologies that were not possessed by our Group; and (ii) be carried out more efficiently and cost effectively by external parties. Such services included (i) production of ads (such as content creation, creation of frame, designing and printing of posters); (ii) provision of venue for PR and marketing activities; and (iii) provision of materials (such as photos, props materials or souvenirs needed for the PR and marketing activities). In order to solidify our position as an integrated multimedia advertising and marketing solution service provider, we intend to hire eight employees, comprising three staff for content design, write-ups and editing, two staff for online operation and three staff for video production for the expansion of the provision of content creation and operation services for both traditional offline advertising and online advertising. It is expected that funds will be used to cover staff costs, equipment costs and other expenses such as fees to KOLs and costs of procurement of raw materials, video production, photo shooting and content write-ups. The growth of online advertising will require persistent update and creation of content, such as online commentary, blogging and maintenance of social media accounts. Therefore, the demand of instant content provision and feedback is of utmost importance for us to efficiently and effectively implement marketing strategies for our customers in order to keep pace with the changing trends, preferences and habits of the general public in the society. Continuous reliance on outsourcing will undermine our long-term competitiveness as our customers could not afford the time required for processing and coordination if more intermediaries are involved. With the expansion of our content creation and operation team, we will be able to alleviate the burden of creating content for our customers and in turn increase their reliance on our Group’s effective and timely services for advertising and marketing.

Our Group intends to apply approximately HK$2.0 million, representing approximately 4.6% of the net proceeds from the Share Offer (based on the mid-point of the indicative Offer Price range) to extend our service offerings.

Develop and enhance our big data and information technology infrastructure

With the proliferation of the internet, social media, mobile devices and sensors, massive data is generated and stored around the world. Such scattered data is very valuable to advertisers. Also, our Group currently relies heavily on third party companies to provide data analysis on consumer feedbacks to broadcast advertisements and marketing events. To improve our Group's service capabilities particularly in online advertising business, thereby increasing customer stability and market competitiveness, we plan to develop and enhance our big data and information technology infrastructure in order to organise data captured from various internet platforms and our projects.

We plan to deploy funds to develop and enhance our own big data and information technology infrastructure. In particular, we would like to use the data acquired and collected from our projects and public domains to (i) analyse consumers' behaviours and understand different consumer groups' preferences and demands; (ii) understand consumers' responses to different advertising means; (iii) evaluate the effectiveness of different advertising media; (iv) monitor execution of our projects; and (v) evaluate the effectiveness of advertisements placed which will enable us to make modifications to our advertising plans more effectively.

In line with the development and enhancement, we intend to recruit suitable candidates with the relevant background and knowledge, purchase data from third party companies and suitable software to revamp our big data platform and information technology infrastructure.

Our Directors believe that the new infrastructure will enable us to perform more comprehensive data analysis for our customers, save the time of our customers as less intermediaries will be involved, lessen our reliance on the use of third party data analysis service providers and in turn increase our competitiveness as an integrated multimedia advertising and marketing solution service provider. As at the Latest Practicable Date, our Group had no plans to create its own online media platforms.

Our Group intends to apply approximately HK$2.8 million, representing approximately 6.4% of the net proceeds from the Share Offer (based on the mid-point of the indicative Offer Price range) to develop and enhance our big data and information technology infrastructure.

AMOUNT OF FUNDS TO EXECUTE OUR BUSINESS STRATEGIES

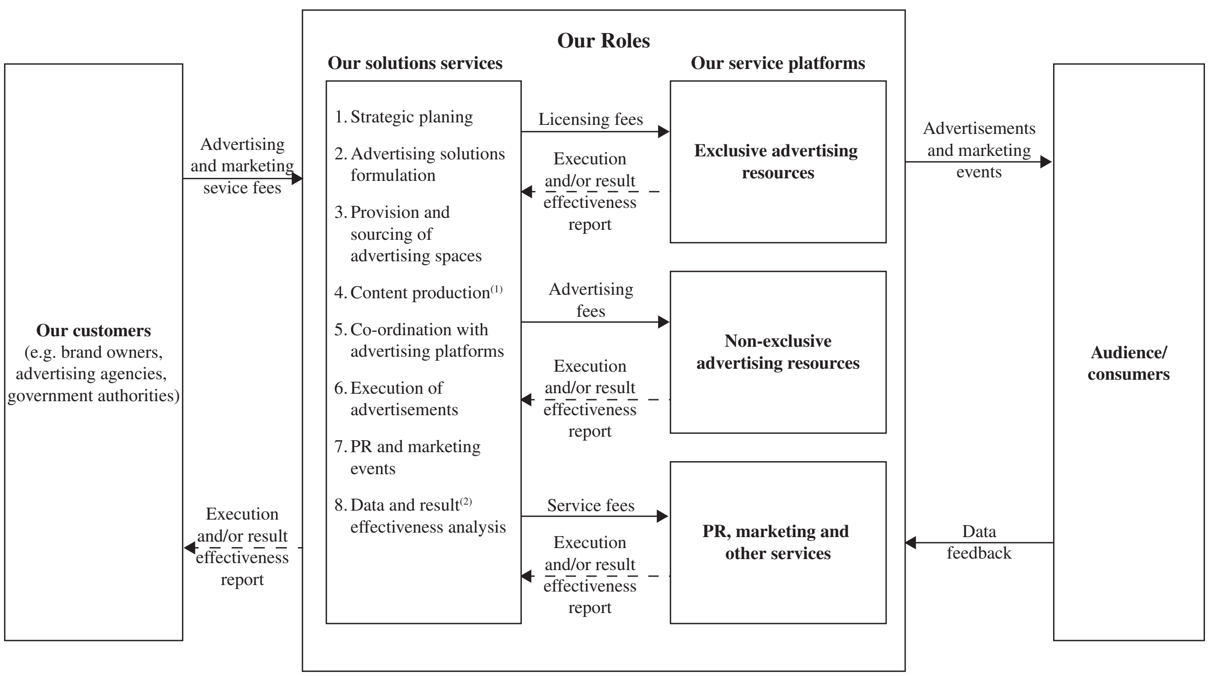
The implementation of the above strategies is estimated to require approximately HK$67.0 million, which will be funded partly by the proceeds from the Share Offer and partly funded by our internally generated funds as set out below. For details of the use of the proceeds from the Share Offer, please refer to the section headed "Statement of Business Objectives and Use of Proceeds" in this prospectus.

		To be satisfied by	
	Aggregate amount	**proceeds from the Share Offer**	**internally generated funds**
	HK$'000	*HK$'000*	*HK$'000*
Increasing coverage of our exclusive OOH and online advertising resources	**40,000**	**23,848**	**16,152**
— OOH (public transportation hubs)	20,000	16,070	3,930
— OOH (commercial buildings, housing estates and shopping malls)	5,000	—	5,000
— Online	15,000	7,778	7,222
Expansion of customer base	**19,000**	**12,666**	**6,334**
Extension of business coverage	12,000	10,640	1,360
— Staff recruitment for			
— Beijing office	3,100	2,500	600
— Shenzhen office	1,500	1,300	200
— Offices rental	840	840	—
— Business development cost (purchase of equipment, research cost including purchase of data, search reports and etc., and travelling expenses)	4,000	4,000	—
— Advertising and promotional expenses	2,000	2,000	—
— Other operating expenses	560	—	560
Extension of service offerings	7,000	2,026	4,974
— Staff recruitment (content creation and operation team)	2,000	1,200	800
— Content creation (KOL fees video production, photo shooting, purchase of material and etc.)	2,400	—	2,400
— Procurement of equipment	2,100	826	1,274
— Content operation and others	500	—	500
Development of data analysis and information system	**8,000**	**2,795**	**5,205**
— Staff recruitment (technical team)	1,900	—	1,900
— Data purchase, mining and maintenance	4,560	2,586	1,974
— Development and maintenance of information infrastructure	1,540	209	1,331
Total investment amount for our business strategies	**67,000**	**39,309**	**27,691**

OUR BUSINESS MODEL

We are an integrated multimedia advertising and marketing solution service provider, providing a wide array of integrated advertising and marketing services to brand owners and advertising agencies from a diversified spectrum of industries. During the Track Record Period, we derived revenue from the provision of (i) advertising services using our exclusive advertising resources; (ii) advertising services using non-exclusive advertising resources; and (iii) PR, marketing campaigns and other marketing services. As part of our provision of integrated multimedia advertising and marketing solution services, we would assist our customers in formulating advertising strategies, identifying and sourcing the appropriate advertising spaces, and evaluating the effectiveness of the advertisements following the completion of advertising projects.

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



Notes:

(1) Although content production is part of our integrated service chain, it is not an integral component as some customers 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.

(2) We would provide advertisement placement report to most our customers as part of the advertisement monitoring process and also as a proof of the advertisement placement. Depending on the needs of our customers, we would also provide effectiveness evaluation report to certain customers, mainly with new advertising formats/resources or advertising campaigns of extensive scale.

OUR ADVERTISING RESOURCES AND SERVICES

During the Track Record Period, we offered a wide variety of integrated multimedia advertising and marketing solution services via our exclusive advertising resources, non-exclusive advertising resources, as well as providing PR, marketing campaigns and other services.

Set out below is a breakdown of our revenue derived from the provision of integrated multimedia advertising and marketing solution services with reference to the types of resources and services provided during the Track Record Period:

	Year ended 31 December				Six months ended 30 June	
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Exclusive advertising resources	8,451	5.9	24,639	11.8	22,022	29.2
Non-exclusive advertising resources	122,552	85.2	158,834	76.0	47,453	62.7
PR, marketing campaigns and other services	12,762	8.9	25,468	12.2	6,150	8.1
	143,765	100.0	208,941	100.0	75,625	100.0

A. Exclusive advertising resources

We have entered into licensing arrangements for certain exclusive advertising spaces situated at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station, where we were granted certain exclusive rights to use such spaces for the provision of advertising and marketing services to our customers. We have also entered into licensing arrangements for advertising spaces on LCD flat-panel displays and frame displays located inside elevators and at lobbies in a number of shopping malls, commercial buildings, housing estates and a golf club in Guangzhou, the PRC. Further, we have the exclusive right to publish advertisement via the journey reminder SMS service of the 12306 online ticketing system of China Railway for journeys terminating in Guangdong Province (excluding Zhuhai).

During the Track Record Period, we offered advertising and marketing solution services using our exclusive advertising resources to a wide spectrum of industries, which include banking and finance, advertising and media (which are generally advertising agents to numerous brand owners in different industries), entertainment and leisure, corporate services, household essentials and beauty-care industries. The following table sets forth a breakdown of our Group's exclusive advertising resources revenue by industry sector during the Track Record Period:

	For the year ended 31 December				For the six months ended 30 June	
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Banking and finance	4,777	56.5	2,993	12.2	1,250	5.7
Advertising and media	3,264	38.6	9,444	38.3	11,033	50.0
Entertainment and leisure	6	0.1	5,772	23.4	—	—
Corporate services	—	—	1,886	7.7	1,938	8.7
Property	—	—	422	1.7	8	0.1
Medical services	222	2.6	1,185	4.8	12	0.1
Food & beverage	—	—	27	0.1	2	0.1
Automotive	58	0.7	101	0.4	59	0.3
Household essentials and beauty-care[(Note)]	—	—	215	0.9	7,155	32.4
Others	124	1.5	2,594	10.5	565	2.6
	8,451	100.0	24,639	100.0	22,022	100.0

Note: Including Megahive as it is the designated advertising agent of Liby Group and they are treated as a whole.

For FY2017, FY2018 and 1H2019, the amount of revenue generated from providing advertising and marketing services to our customers using our exclusive advertising resources was approximately RMB8.5 million, RMB24.6 million and RMB22.0 million, respectively, representing approximately 5.9%, 11.8% and 29.2% of our total revenue, respectively.

Set out below is a breakdown of our revenue by the types of exclusive advertising resources during the Track Record Period:

		Year ended 31 December				Six months ended 30 June	
		2017		2018		2019	
	Notes	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station	*(i)*	—	—	6,263	25.4	10,720	48.7
16 housing estates and a golf club	*(ii)*	6,721	79.5	11,171	45.3	3,006	13.6
A shopping mall and 4 commercial buildings	*(ii)*	1,730	20.5	3,000	12.2	1,551	7.1
12306 online ticketing system	*(iii)*	—	—	4,205	17.1	6,745	30.6
		8,451	100.0	24,639	100.0	22,022	100.0

(i) Certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station

During the Track Record Period, we had been able to assist our customers in securing advertisements spaces for publishing their advertisements at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station. As the junction station of Beijing-Guangzhou high-speed railway, Guangzhou-Shenzhen-Hong Kong Special Line, Guiyang-Guangzhou high-speed railway, Nanning-Guangzhou high-speed railway, Guangzhou-Zhuhai intercity railway and West Guangdong coastal high-speed railway, Guangzhou South Railway Station is the largest high-speed railway station in mainland China in terms of passenger traffic. According to the statistics of the Guangzhou South Railway Station Management Committee, the passenger traffic of Guangzhou South Railway Station increased by approximately 20.3% from 2017 to 2018, reaching approximately 163.0 million passengers, with a daily passenger traffic of approximately 0.45 million passengers. Shenzhen Futian Transportation Hub is the interchange station for Shenzhen Metro Line 2, Line 3 and Line 11. Located in the core area of downtown Shenzhen and adjacent to Futian Railway Station of Guangzhou-Shenzhen-Hong Kong Special Line, Shenzhen Futian Transportation Hub is the largest underground transportation hub in Asia. According to the official statistics published by Shenzhen Metro, Shenzhen Metro Line 2, Line 3 and Line 11 have reached an aggregated monthly passenger traffic of 62.8 million in July 2019. According to Shenzhen Municipal Transportation Bureau, the yearly passenger traffic of Futian Railway Station is approximately 19.4 million passengers. We have entered into licensing arrangements with the owners and operators of the relevant advertising spaces at the relevant transportation hub on an exclusive basis. As at the Latest Practicable Date, only two agreements remained subsisting, and we have the priority to renew one of the contracts subject to the fulfilment of certain conditions.

The table below sets forth the movement of number of each major type of exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**
	2017	**2018**	**2019**
	Number of exclusive spaces	*Number of exclusive spaces*	*Number of exclusive spaces*
Certain exclusive advertising spaces at Guangzhou South Railway Station and Shenzhen Futian Transportation Hub			
— Lightbox(es)	N/A[(1)]	165[(2)]	179[(3)]
— Floor showcase(s)	N/A[(1)]	80	17
— Pillar(s)	N/A[(1)]	166	142
— Wall showcase(s)	N/A[(1)]	57	57

Notes:

1. The exclusivity was not yet obtained during this period

2. In November 2017, Icon Media (our subsidiary) entered into a contract with a supplier to obtain the exclusive rights to publish advertisements on 12 double-sided lightboxes and one single-sided billboard in Guangzhou South Railway Station starting from 5 January 2018. The contract was terminated on 25 April 2019 as the supplier failed to obtain ongoing agency rights regarding the lightboxes and the billboard

3. In May 2019, Icon Media entered into a contract with another supplier to obtain the rights to publish advertisements on 26 hanging lightboxes in Guangzhou South Railway Station. For customers in the property development and tourism industries, Icon Media has the exclusive right to publish advertisements on such hanging lightboxes; for customers belonging to other industries, Icon Media has non-exclusive right to publish advertisements on such hanging lightboxes.

As at the Latest Practicable Date, we operated 26 hanging lightboxes over both sides of all 13 exit gates in the arrival hall (1/F) of Guangzhou South Railway Station. Among all three storeys of high-speed railway premises in Guangzhou South Railway Station, 1/F consists of high-speed railway exits, Guangzhou-Zhuhai intercity railway entrance, feeder bus station, coach station and metro station, and is the only area that is accessible by the general public without a train ticket. That is to say, our advertisement resources in Guangzhou South Railway Station could cover not only all high-speed railway passengers to the station, but also intercity railway passengers, passengers of Guangzhou Metro system, as well as those of local bus and coach services. Such 26 hanging lightboxes are the only of its kind in the location.

As at the Latest Practicable Date, we had the exclusive right to publish advertisements on all advertising spaces in five channels of B1/F out of three storeys of Shenzhen Futian Transportation Hub. Such five channels are the essential connection between metro station, high-speed railway station, commercial area as well as the central business district of Shenzhen. Our exclusive advertising resources in Futian Transportation Hub comprise 142 pillars, 153 lightboxes, 57 wall showcases and 17 floor showcases.

Set out below are the principal terms of our contracts with Guangzhou Yunhong Jiaze Advertising Co., Ltd.* (廣州韻洪嘉澤廣告有限公司), Zhongxintong, Aosheng Media and a public transportation property management company in Shenzhen regarding our certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station:

1. First agreement

Parties:	Icon Media (our subsidiary); and Guangzhou Yunhong Jiaze Advertising Co., Ltd.* (廣州韻洪嘉澤廣告有限公司) (an Independent Third Party)
Contract period:	5 January 2018 to 4 January 2020 *Note:* The agreement was terminated on 25 April 2019 as the supplier failed to obtain ongoing agency rights. Upon termination of the agreement, we entered into a contract with Zhongxintong for the supply of advertising spaces at a different location at Guangzhou South Railway Station. For details, please refer to the paragraph headed "Second agreement" below.

Contract sum:	RMB4.2 million (among which approximately RMB3.36 million were was payable on or before 30 May 2018): As at the Latest Practicable Date, the full contract sum had been settled.
Scope of services:	Supply of advertising spaces of 12 pieces of double-sided lightboxes and a billboard at Guangzhou South Railway Station.

2. *Second agreement*

Parties:	Icon Media (our subsidiary); and Zhongxintong (an Independent Third Party)
Contract period:	1 May 2019 to 30 April 2022
Contract sum:	Icon Media is not required to make upfront payments to the supplier. Rather, the amount payable by Icon Media under the contract is variable based on the industry to which our customers belong. If Icon Media is the advertising agent for customers from two industry sectors, namely tourism and property, it would pay 15% of the charging rates published by the supplier, whilst in respect of customers from industry sectors other than tourism and property, Icon Media, would pay 25% of the charging rates published by the supplier. Icon Media will pay the supplier in accordance with each advertising order.
Scope of services:	Supply of advertising spaces in relation to 26 pieces of hanging lightboxes at Guangzhou South Railway Station on an exclusive basis to customers of Icon Media in the tourism and property industry sectors
Payment terms:	To be agreed in individual agreement
Termination:	The contract can be terminated: (i) in the event that a party breaches the terms and conditions of the agreement and fails to remedy within seven days of notice; or (ii) upon mutual agreement by both parties
Total consideration paid up to the Latest Practicable Date:	RMB2.3 million

3. *Third agreement*

Parties:	Icon Media (our subsidiary); and Aosheng Media (an Independent Third Party)
Contract period:	1 April 2018 to 30 September 2019
Contract sum:	RMB5,400,000 payable in four instalments
Scope of services:	Supply of four advertising spaces including pillars, wall displays and billboards at Shenzhen Futian Transportation Hub on an exclusive basis
Payment terms:	Payable in four instalments, settled pursuant to actual sales First instalment: RMB1,500,000 payable within seven business days upon the contract came into effect The second, third and fourth instalment are payable upon the condition that the licensor producing evidence (the "**Evidence**") that it has renewed its exclusive rights to the advertising resources for the period between 1 October 2018 and 30 September 2019. Second instalment: RMB500,000 payable within seven business days upon the licensor producing the Evidence Third instalment: RMB1,700,000 payable on or before 1 March 2019 Fourth instalment: RMB1,700,000 payable on or before 1 June 2019
Termination:	The contract shall be terminated: (i) upon mutual agreement by the parties (ii) upon expiry of terms (iii) when a party terminates pursuant to the terms of the agreement (iv) in the event that the licensor fails to obtain the exclusive rights to the advertising resources after 30 September 2018 The contract was terminated in September 2018 as the licensor failed to produce the Evidence that it has renewed the exclusive rights to the advertising resources.

Total consideration paid during the Track Record Period:	RMB1.5 million for publication of Icon Media's customers' advertisements on the licensor's advertising resources prior to termination of the agreement during which the licensor still had the exclusive rights to the advertising resources

4. *Fourth agreement and its supplemental agreement*

Parties:	Icon Media (our subsidiary); and a public transportation property management company in Shenzhen with advertising resources at Shenzhen Futian Transportation Hub (an Independent Third Party)
Contract period:	10 September 2018 to 9 September 2020
Contract sum:	Payable as follows: For the period between 10 September 2018 and 9 December 2018, a sum of RMB2,026,872 *(Note)* For the period between 10 December 2018 and 9 September 2019, a total sum of RMB5,853,816, payable quarterly For the period between 10 September 2019 and 9 September 2020, a total sum of RMB8,195,342.4, payable quarterly
Scope of service:	Supply of the following advertising spaces at Shenzhen Futian Transportation Hub: For the period between 10 September 2018 and 21 October 2018: (i) 142 pillars (ii) 153 lightboxes (iii) 63 wall showcases (iv) 17 floor showcases

	For the period between 22 October 2018 and 9 September 2020: (i) 142 pillars (ii) 153 lightboxes (iii) 57 wall showcases (iv) 17 floor showcases
Payment terms:	Contract sum to be paid on a quarterly basis
Termination:	The supplier has the right to terminate the agreement: (i) in the event that Icon Media fails to pay a deposit of RMB2,128,215.6, being the quarterly payment of the second contract year; or (ii) in the event that Icon Media fails to pay the contract sum for over a month; The agreement may also be terminated upon mutual agreement by both parties
Priority to renewal:	Upon expiry of the term of the agreement, subject to Icon Media fulfilling certain conditions (such as Icon Media's having complied with the terms of the agreement during the contract period), Icon Media has the priority to secure the space of the relevant advertising spaces on terms which the supplier is offering to third parties
Total consideration paid during the Track Record Period and up to the Latest Practicable Date:	Approximately RMB11.1 million

Note: Pursuant to a supplemental agreement dated 11 December 2018, adjustments were made to the contract sum so that the actual amount payable for such period was RMB1,986,227.

Set out below is a sample of our certain exclusive advertising resources at Shenzhen Futian Transportation Hub:

Set out below are samples of our exclusive advertising resources at Guangzhou South Railway Station:

The design and layouts of the advertisements are provided by our customers. As part of our provision of integrated multimedia advertising and marketing solution services, we assist in resizing and retouching two dimensional designs and layouts, installing and dismantling of the advertisements, providing logistical support and general maintenance of the advertisements. Following the publication of our advertisements, our team will periodically monitor the advertisement to ensure that it is consistent with the customer's advertising strategies and marketing plans; gather feedbacks from viewers; analyse information collected; and evaluate the effectiveness of the advertisements to assist in formulating future advertising strategies and changes, if necessary.

(ii) Shopping malls, commercial buildings and housing estates

To cater for the needs of our customers, we have obtained exclusive advertising rights to a sizeable network of frame displays and LCD flat-panel displays situated inside elevators and lobbies at numerous shopping malls, commercial buildings and housing estates in Guangzhou, the PRC. During the Track Record Period, we had a network of LCD flat-panel displays and frame displays under the brand name Visual Media at four shopping malls and commercial buildings and

16 housing estates in Guangzhou (among that, six of those are licensed with owners and/or operators who are connected persons of our Company), and many of them were located at premium locations.



The table below sets forth the movement of the number of each major type of exclusive advertising spaces of Visual Media during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**
	2017	**2018**	**2019**
	Number of exclusive spaces	*Number of exclusive spaces*	*Number of exclusive spaces*
Visual Media in various housing estates, shopping malls and commercial buildings			
— LCD flat-panel and electronic display(s)	145 (145)	145 (145)	145 (145)
— Frame display(s)	1,783 (1,658)	1,783 (1,658)	1,783 (1,658)
— Billboard(s)	430 (430)	449 (449)	449 (449)
— Lightbox(es)	7 (7)	27 (27)	27 (27)
— Road flag(s)	20 (20)	20 (20)	20 (20)

Note: The bracketed figures denote the number of exclusive advertising spaces provided by Guangzhou KINGOLD and Asia Pacific Club (connected persons of our Company).

Apart from our involvement in the design and production of the advertisements to be broadcasted under the LCD flat-panel or frame displays, we would also be responsible for broadcasting, repairing and maintaining the LCD flat-panel and frame displays.

Similar to the ancillary services we provide to our customers that use our exclusive advertising resources, our team will periodically monitor the advertisements following their broadcast to ensure that they are consistent with our customers' advertising strategies and marketing plans, gather feedbacks from viewers, analyse information collected, and evaluate the effectiveness of the advertisements.

Set out below are the principal terms of our contracts with licensors of advertising spaces at shopping malls, commercial buildings and housing estates in Guangzhou:

1. Contracts for the provision of advertising spaces in housing estates

Parties:	Icon Media (our subsidiary); and licensors of advertising spaces in housing estates (Guangzhou KINGOLD and an independent third party)
Contract period:	The majority of the licensing arrangements with the licensors have a term of two years
Contract sum:	To be determined based on the number and location of spaces made available by the licensors for the installation of frame displays and LCD flat-panel displays offered by the licensors
Obligations of the licensors:	The licensors shall: (i) provide assistance and support to Icon Media to install the frame displays and LCD flat-panel displays at specified fixture points in specified premises (ii) not remove the frame displays and LCD flat-panel displays without prior written consent from Icon Media (iii) in the event of a malfunction of or damage to the frame displays and LCD flat-panel displays occurs, inform Icon Media immediately
Obligations of Icon Media:	Icon Media shall be responsible for the costs incurred in: (i) the installation and maintenance of the frame displays and LCD flat-panel displays (ii) the production of the content of the advertisement (iii) the publication of the advertisement
Ownership rights:	In the event that the property owners of the housing estates request to remove the frame display and LCD flat-panel display, Icon Media shall unconditionally remove the relevant displays. The ownership rights to the frame display and LCD flat-panel displays and the content of the advertisement shall at all times remain with Icon Media

Payment terms:	Payment to be settled in arrears on a quarterly or semi-annual basis
Early termination:	Written notice must be served in advance of the date of intended amendment or termination of the relevant licensing contract

2. *Contract for the procurement of advertising spaces in shopping malls and commercial buildings, housing estates and golf club*

Parties:	Icon Media (our subsidiary); and Guangzhou KINGOLD (a connected person)
Contract Period:	29 December 2009 to 7 April 2028*(Note 1)*
Contract sum:	To be determined based on the number and location of spaces made available by Guangzhou KINGOLD for the installation of frame displays and LCD flat-panel displays installed
Obligations of Guangzhou KINGOLD:	Guangzhou KINGOLD shall provide assistance and support to Icon Media for the installation and operation of the frame displays and LCD flat-panel displays
Obligations of Icon Media:	Icon Media shall ensure that the content of the advertisements complied with the laws of the PRC
Payment terms:	Payment to be settled on a quarterly basis

Note 1: During the Track Record Period, we were under contract with Guangzhou KINGOLD in respect of the procurement of advertising spaces in shopping malls and commercial buildings, housing estates and a golf club owned by KINGOLD Group for a term commencing from 29 December 2009 and ending on 7 April 2028 (the "**2009 Advertising Services Framework Agreement**"). On 16 December 2019, we entered into an advertising services framework agreement with Guangzhou KINGOLD for a term commencing from the Listing Date and ending on 31 December 2022, which superseded the 2009 Advertising Services Framework Agreement. For further details, please refer to the section headed "Continuing Connected Transactions" in this prospectus.

Set out below is the details about the shopping malls, commercial buildings, housing estates and a golf club for which we had secured exclusive advertising spaces as at the Latest Practicable Date:

Name of building	Type of building	Location	Relationship with our Group
Huabiao* (華標)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
City Holiday Garden* (城市假日園)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Tianhe Beiyuan* (天河北苑)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Xinyan Garden* (新燕花園)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Chunhui Estate* (春暉苑)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Oakwood Garden* (橡樹園)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Huijing New Town* (匯景新城) *(Note 1)*	Housing estate and golf club	Tianhe District, Guangzhou	Connected person
Yantang Courtyard* (燕塘大院)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Yantang Industrial Park* (燕塘工業園)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Yueken Property Management Company* (粵墾物業)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Lvjia Garden* (綠佳花園)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Jinjian Estate* (金建苑)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Jinyan Garden* (金燕花苑)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Jinyaqiao* (金雅僑)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Yinli Xincun* (銀利新村)	Housing estate	Tianhe District, Guangzhou	Independent Third Party
Huiqiao New Town* (匯僑新城)	Housing estate	Baiyun District, Guangzhou	Connected person
Kingold Century* (僑鑫國際)	Commercial and shopping mall	Tianhe District, Guangzhou	Connected person
World Trade Center Complex* (國際貿易中心)	Commercial	Tianhe District, Guangzhou	Connected person
Fuxing Commercial Building* (富星大廈)	Commercial	Tianhe District, Guangzhou	Connected person
Xinkuaibao* (新快報)	Commercial	Tianhe District, Guangzhou	Connected person

Note 1: We have secured exclusive right for advertising spaces in Huijing New Town* (匯景新城) which includes a golf club operated by Guangzhou Asia-Pacific International Club* (廣州亞太國際俱樂部).

(iii) Online ticketing system

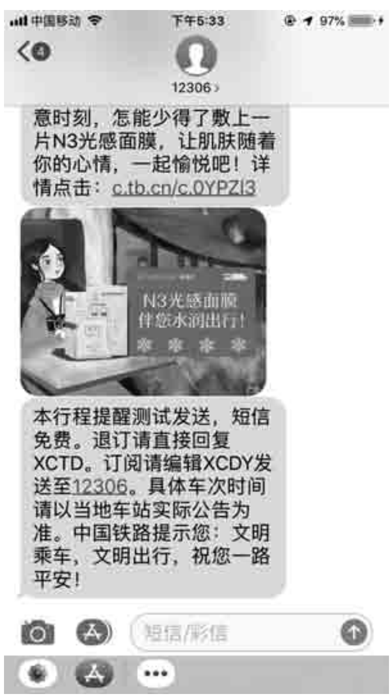
12306.cn is the official online ticketing platform of the PRC state-owned China Railway. We have exclusive right to publish our customers' advertisements via the journey reminder SMS/MMS service of 12306.cn in Guangdong. For each high-speed railway trip to cities in Guangdong, including two first-tier cities, namely Guangzhou and Shenzhen, we have the right to send SMS/MMS advertisement messages to users' mobile phone number. Such advertisement service covers essentially all high-speed railway passengers to Guangdong as a valid mobile phone number is necessary for registration of the 12306.cn service.

Set out below are the principal terms of our contract with Zhongxintong regarding the 12306.cn service:

Parties:	Icon Media (one of our subsidiary); and Zhongxintong (an Independent Third Party)
Contract period:	Initially, the contract period was from 28 November 2017 to 31 December 2018. It was subsequently extended to 31 December 2019 by a supplemental agreement and further renewed to 31 December 2020 by a second supplemental agreement
Contract sum:	A minimum guaranteed amount of RMB4.0 million for the contractual period from 28 November 2017 to 31 December 2019
Scope of services:	For the exclusive right to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system of China Railway for high-speed railway journeys which end in Guangdong Province, excluding Zhuhai
Termination:	(i) Supplier has the right to terminate the agreement if (a) the publication of any messages promoted by Icon Media is ordered by the relevant government authorities to stop because the content or design of such messages is not in compliance with the law; (b) Icon Media fails to make payment for more than seven days; (c) Icon Media fails to remedy any non-compliance incident within seven days of written notice; or (d) Icon Media intentionally disrupt market order leading to severe loss by the supplier or related party. (ii) Supplier has the right to cancel Icon Media's exclusive agency right if Icon Media fails to place advertisement orders for six consecutive months.
Total consideration paid up to the Latest Practicable Date:	RMB4.0 million

We charge our customers for the total number of SMS/MMS messages sent to railway passengers and the price is determined by the amount and the type of messages to be sent. The price of each text message is fixed and the price will decrease when the number of messages sent has reached a certain level. As is prescribed in the contract between Icon Media (our subsidiary) and the supplier of 12306 journey reminder service, we are subject to a minimal purchase amount of RMB4.0 million for the contract period between 28 November 2017 and 31 December 2019, and the fees charged by the supplier shall be affected by the following conditions: (i) whether the aggregate number of messages sent has reached a certain number; and (ii) the type of the messages sent, being journey reminder service with three images and relevant text messages, or journey reminder service with two images and one video clip of less than 15 seconds with relevant text messages. During the Track Record Period, approximately 12 million text messages were sent via the 12306 journey reminder service.

Set out below are samples of our customer's advertisements published via the journey reminder SMS service of the 12306 online ticketing system during the Track Record Period:



Utilisation of our exclusive advertising resources

Our advertising resources in each public transport hub, railway station, housing estate, shopping mall and commercial building comprise a wide spectrum of media formats, including billboards of varying sizes, lightboxes of varying sizes, wall displays of different dimensions, LCD flat-panel or frame displays of different sizes.

Our management monitors the utilisation of each specific format, grade and category of media resources at each public transportation hub, railway station, housing estate, shopping mall and commercial building. However, due to the numerous types of media formats included in our advertising resources, in particular, Shenzhen Futian Transportation Hub and Visual Media, our management would not monitor the overall or average utilisation of all of our advertising resources. Set forth below is the overall or average utilisation rates of our exclusive advertising resources during the Track Record Period for reference:

	Year ended 31 December		Six months ended 30 June
	2017	2018	2019
	%	%	%
Certain exclusive advertising spaces Shenzhen Futian Transportation Hub	N/A(1)	42.4(2)	100(2)
Certain exclusive advertising spaces Guangzhou South Railway Station	N/A(1)	48.2(2)(3)	Lightboxes in January–April: nil Hanging lightboxes in May–June: 100(2)(4)
12306 online ticketing	N/A(1)	35.6(5)	87.4(5)
Visual Media in various housing estates, shopping malls and commercial buildings	72.9(2)	71.8(2)	80.5(2)

Notes:

1. The exclusivity was not yet obtained during the periods indicated.

2. The advertising resources included a wide spectrum of media formats including but not limited to pillars, lightboxes, wall displays, billboards of varying sizes and etc. Each of these formats are of varying sizes and dimensions. We calculated the utilisation rates on a best effort basis by categorising the different media formats for the calculation of utilisation rates and then averaging the utilisation rates by the number of categories. For each specific format, the utilization rate was calculated by dividing the days with actual advertisement placements by the total number of days where our exclusivity of the advertising resources remained valid during the Track Record Period.

3. The utilisation included complimentary advertising period given out by our Group to its customers as part of our Group's promotional strategy to increase the demand for the new advertising resources obtained. Excluding the complimentary advertising period, the utilisation would be approximately 34.9%.

4. In May 2019, our Group entered into a contract with a new supplier to obtain exclusive rights for customers in the industry sectors of property and tourism to publish advertisements on the hanging lightboxes in Guangzhou South Railway Station. For customers in other industries, our Group has non-exclusive rights to publish advertisements on such resources.

5. The utilisation rate for 12306 online ticketing system is calculated on an accumulated basis, which is calculated by dividing (i) the total accumulated number of text messages sent between the commencement date of the contract up to the date of the reporting period by (ii) the total number of text messages calculated based on the minimum guaranteed amount of RMB4.0 million during the contract period and the fixed price of each text message.

Certain exclusive advertising spaces at Shenzhen Futian Transportation Hub

As the exclusive rights were firstly obtained in early 2018, time was needed to promote such resources to our customers. The first half of 2018 was the ramp up period for Shenzhen Futian Transportation Hub, which therefore recorded a relatively lower utilisation rate of 42.4%. The utilisation rate increased significantly to 100% in the first half of 2019, indicating the success and effectiveness of the advertising resources in Shenzhen Futian Transportation Hub. As a result of the satisfactory utilisation of the advertising resources in Shenzhen Futian Transportation Hub, our Group recorded gross profit of approximately RMB3.5 million for 1H2019, representing a gross margin of approximately 44.3%.

Certain exclusive advertising spaces at Guangzhou South Railway Station

As the exclusive rights were firstly obtained in early 2018, time was needed to promote such resources to our customers. Therefore, the first half of 2018 was the ramp up period for Guangzhou South Railway Station, which therefore recorded a relatively lower utilisation rate of 48.2%. As one of our Group's promotional strategies, complimentary advertising period using the advertising resources in Guangzhou South Railway Station were given to numerous customers. Attributing to the success of such strategy, our Group was able to successfully convert one customer into a paying customer for the advertising resources in Guangzhou South Railway Station.

However, the utilisation rates decreased to zero for the first four months of 2019 because of the unfavorable locations of the lightboxes, which were subsequently partially blocked by other advertising resources, thereby reducing the effectiveness of the advertisements. As such, our Group entered into an agreement with a new supplier in May 2019 whom has different resources (hanging lightboxes) within the Guangzhou South Railway Station. In the new agreement, our management was able to negotiate more favourable terms where we were not required to make upfront payment to become an exclusive agent to publish advertisements on certain advertising spaces for customers in the industry sectors of property and tourism. For customers in other industries, our Group has non-exclusive rights of such resources. We were only required to make payments upon confirmation of customers in using the advertising spaces. Therefore, our management expects the arrangement will contribute positively to our Group's profitability and cash flow.

Since the utilisation rates decreased to zero for the first four months of 2019 and we only entered into a new agreement in May 2019, our Group recorded a gross loss of approximately RMB0.2 million for 1H2019, representing a gross loss margin of approximately 6.7%. As we are not required to make any upfront payment in the new contract since May 2019, the management expects to generate positive gross margin from Guangzhou South Railway Station for FY2019.

12306 online ticketing

In the arrangement with the supplier, we are required to pay a minimum guaranteed amount of RMB4.0 million during the contract period between 28 November 2017 to 31 December 2019. The price of each text message is fixed. As demonstrated above, the accumulated utilisation has been satisfactory with over 80% by the end of 30 June 2019. Therefore, our management expects that the minimum guaranteed amount of RMB4.0 million will be fulfilled by the end of 31 December 2019. As a result of the satisfactory performance, we recorded gross profit of approximately RMB2.8 million, representing a gross profit margin of approximately 66.9% for FY2018, which already increased to gross profit of approximately RMB4.8 million, representing a gross profit margin of approximately 70.6% for 1H2019.

Visual Media in various housing estates, shopping malls and commercial buildings

As the first exclusive advertising resource secured by us during the Track Record Period, the utilisation rate of Visual Media remained high during the Track Record Period, being 72.9%, 71.8% and 80.5%, respectively for FY2017, FY2018 and 1H2019. The number of available advertising spaces of Visual Media have also increased from 2,385 as at 31 December 2017 to 2,424 as at 31 December 2018 and remained at 2,424 as at 30 June 2019. As a result of the satisfactory performance and the rising utilisation rate, we recorded gross profit of approximately RMB5.3 million in FY2017, RMB10.6 million in FY2018 and RMB3.0 million in 1H2019, representing a gross profit margin of approximately 63.0%, 75.0% and 65.0%, respectively.

B. Non-exclusive advertising resources

Leveraging on our proven track record and brand recognition, we are able to offer a wide range of advertising resources from a broad spectrum of media which we do not have exclusive licensing rights for our customers. During the Track Record Period, the revenue generated from providing advertising and marketing services through non-exclusive advertising resources was approximately RMB122.6 million, RMB158.8 million and RMB47.5 million for each of FY2017, FY2018 and 1H2019, representing approximately 85.2%, 76.0% and 62.7% of our revenue, respectively.

The provision of integrated multimedia advertising and marketing solution services through non-exclusive resources can be broken down into (i) offline advertising resources; and (ii) online advertising resources. Set out below is a breakdown of our revenue by the type of non-exclusive advertising resources during the Track Record Period:

	Year ended 31 December				**Six months ended 30 June**	
	2017		**2018**		**2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
(i) Offline non-exclusive advertising resources						
a. Indoor advertising platforms (Television, radio, newspapers)	18,864	15.4	76,915	48.4	1,415	3.0
b. OOH advertising platforms (certain public transports, housing estates, shopping malls and commercial buildings)	89,521	73.0	71,654	45.1	45,171	95.2
(ii) Online non-exclusive advertising resources and others	14,167	11.6	10,265	6.5	867	1.8
	122,552	100.0	158,834	100.0	47,453	100.0

(i) Offline non-exclusive advertising resources

Based on the specific needs of our customers, nature of products and services to be promoted, targeted audience, and our analysis of the effectiveness of the various offline media, we have assisted our customers in securing the following offline advertising resources during the Track Record Period:

a. Indoor advertising platforms: TV, radio and newspapers;

b. OOH advertising platforms: Public transportation hubs and elevators in shopping malls, commercial buildings and housing estates.

During the Track Record Period, revenue generated from providing offline non-exclusive advertising resources were approximately RMB108.4 million, RMB148.6 million and RMB46.6 million, representing approximately 88.4%, 93.5% and 98.2% of our total revenue generated from non-exclusive advertising resources, respectively.

Set out below is a breakdown of our Group's revenue generated from offline non-exclusive advertising resources in respect of our customers' industry sectors during the Track Record Period:

	Year ended 31 December				Six months ended 30 June	
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Household essentials and beauty care(Note)	58,204	53.7	104,446	70.3	14,081	30.2
Entertainment and leisure	34,987	32.3	25,160	16.9	325	0.7
Advertising and media	1,519	1.4	1,295	0.9	31,256	67.1
Property	6,255	5.8	7,823	5.3	824	1.8
Others	7,420	6.8	9,845	6.6	100	0.2
	108,385	100.0	148,569	100.0	46,586	100.0

Note: Including Megahive as it is designated advertising agent of Liby Group and they are treated as a whole.

a. Indoor advertising platforms

Indoors media advertisements can be categorised into both hard-sell and soft-sell advertisements. Hard-sell advertising refer to an advertising approach which is more direct and focuses on inducing the audience to purchase goods or services. Examples of hard-sell advertisements include advertisements during TV advertising time slots, placement of traditional two-dimensional advertisements in TV, radio or newspapers. For soft-sell advertising, it is more subtle and indirect, and is designed to influence consumers by inducing positive emotional responses that are associated with the advertised products or services. Examples of soft-sell advertisements include implantation of title sponsorship, verbal slogan or product placement in TV series or shows.

Set out below is a breakdown of programmes and minutes we purchased from each major TV channel:

Year	Broadcasting Channel	Number of programme(s)	Duration (minutes)
2017	CCTV- 6 Movie Channel	1	160
Total of FY2017		1	160
2018	Hunan Provincial Satellite TV	1	40.42
2018	Henan Provincial TV Station Drama Channel	3	137.17
2018	Henan Provincial TV Station Metropolis Channel No. 2	7	232.67
2018	Jiangsu Provincial Satellite TV Station	4	424
2018	CCTV-1 General Channel	9	205.25
Total of FY2018		24	1,039.51

Save for the two TV channels of Henan Provincial TV station with regional coverage in Henan province, the other TV stations have national coverage. We did not purchase any television advertising resources for 1H2019 due to the changes of our customers' needs and advertising strategies.

Set out below is a breakdown of the programmes and minutes we purchased from each major radio channel:

Year	Broadcasting Channel	Number of time slot(s)	Duration (minutes)
2018	Guangzhou MY FM88	4	247.5
2018	Zhengzhou Traffic Radio FM91.2	2	90
2018	Zhengzhou Music Radio FM94.4	3	142.5
2018	Nantong Traffic Radio FM92.9	7	202.5
2018	Nantong Music Radio FM91.8	4	352.5
2018	Changsha Music Radio FM1022	43	352.5
Total of FY2018		63	1,387.5
2019	Beijing Traffic Radio FM103.9	3	12.25
2019	Beijing Music Radio FM97.4	5	17.5
2019	Shanghai Radio FM101.7	6	21
2019	Guangzhou Radio FM105.2	46	317.2
2019	Guangzhou Radio FM106.1	46	317.2
Total of first half of FY2019		106	685.15

The radio stations on which the advertisements were broadcasted have regional coverage covering each of the respective cities where the radio stations are located. We did not purchase any radio advertising resources for FY2017 due to our customers' needs and advertising strategies.

Hard-sell and soft-sell TV advertisements

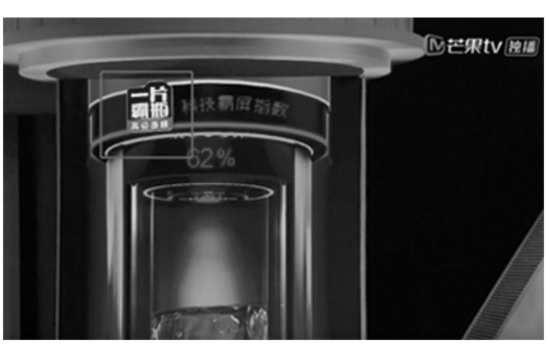
During the Track Record Period, we assisted our customers for the placement of traditional hard-sell advertisements during advertising time slots of TV channels.

Set out below are samples of our hard-sell TV advertisements during the Track Record Period:

In addition to hard-sell advertisements, we also collaborate with our customers to promote their brands, products and/or services through soft-sell advertisements.

During the Track Record Period, with the assistance of our suppliers, we provided the following representative types of soft-sell advertisements for our customers on TV: (i) title sponsorships which involved purchasing the right to sponsor the title of a TV show so that the brand names of our customers were inserted next to the titles of the shows; (ii) subtitle advertisements which involved purchasing the rights to insert subtitles relating to the advertised products in TV shows; (iii) verbal slogans which involved purchasing the right to insert product-related verbal slogans in shows presented by the hosts or the guests; and (iv) placement of advertised products, services or brands in shows through formulating a set of scenes matched with the advertised products, services or brands.

Set out below are samples of our soft-sell TV advertisements during the Track Record Period:



b. OOH advertising platforms

OOH advertising is the use of advertising media to reach customers when they are outside home. OOH advertising media generally include billboards, transit (minibuses, taxis, buses, airports and subway) and other places (e.g. cinemas and shopping malls) to promote businesses, products and/or services and includes digital and traditional printing out-of-home formats. To meet the specific requirements of our customers, during the Track Record Period, we have assisted our customers in securing OOH advertising spaces in public transportation hubs, elevators situated in shopping malls, commercial buildings and housing estates.

The following table sets forth a breakdown of our revenue from the provision of advertising services by types of non-exclusive OOH advertising resources during the Track Record Period:

		Year ended 31 December				Six months ended 30 June	
		2017		**2018**		**2019**	
		RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
OOH advertising platforms							
Non-exclusive advertising resources through the following channels							
— Public transports	(a)	59,238	66.2	42,892	59.9	10,555	23.4
— Housing estates	(b)	26,948	30.1	16,238	22.7	8,167	18.1
— Shopping malls and commercial buildings	(b)	3,335	3.7	12,524	17.4	26,449	58.5
		89,521	100.0	71,654	100.0	45,171	100.0

a. Public Transports

Set out below is a list of our non-exclusive OOH advertising sources located in urban public transport facilities during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**
	2017	**2018**	**2019**
Metro systems	Chengdu Metro Nanning Rail Transit Ningbo Rail Transit Guangfo Metro Beijing Subway Fuzhou Metro Chongqing Rail Transit Shanghai Metro Hangzhou Metro Shenzhen Metro Nanchang Metro Wuhan Metro Zhengzhou Metro Nanjing Metro Guangzhou Metro	Chengdu Metro Nanning Rail Transit Ningbo Rail Transit Guangfo Metro Beijing Subway Fuzhou Metro Chongqing Rail Transit Shanghai Metro Hangzhou Metro Shenzhen Metro Nanchang Metro Wuhan Metro Zhengzhou Metro Nanjing Metro Guangzhou Metro	Beijing Subway Guangzhou Metro Shanghai Metro Shenzhen Metro Nanjing Metro Chengdu Metro
Bus systems	Guangzhou Public Transport	Guangzhou Public Transport Foshan Bus Shelters	Guangzhou Bus Shelters
Ferry systems	Guangzhou Aquatic Bus	Guangzhou Aquatic Bus	Pearl River Cruise Liner in Guangzhou

Set out below is a list of our non-exclusive OOH advertising sources located in long-distance public transport facilities during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**
	2017	**2018**	**2019**
High-speed Railway Stations	N/A	Zhuhai Railway Station	N/A
Airports	N/A	Beijing Capital International Airport Guangzhou Baiyun International Airport	Beijing Capital International Airport Guangzhou Baiyun International Airport
Expressway	N/A	N/A	Guangzhou Expressway

In recognition of our reputation and brand recognition, in May 2017, we have assisted our customer in securing a two-year contract for the placement of their advertisements on LCD screens installed in metro stations in Shanghai and inside Shanghai Metro trains.

Set out below are the principal terms of the contract (as amended):

Parties:	Icon Media (our subsidiary); and a supplier of advertising resources at Shanghai Metro Stations (an Independent Third Party)
Total duration of advertisements published during the contract period:	8,280 minutes
Contract sum:	Determined based on the length of advertisements published during the contract period
Scope of services:	For the right to publish our customers' advertisements on LCD screens installed in metro stations in Shanghai and inside Shanghai Metro trains
Payment terms:	Contract sum to be paid on a monthly basis
Termination:	The contract shall be terminated: (i) in the event that Icon Media discloses to other third parties the terms of the contract; (ii) in the event that Icon Media fails to pay the contract sum; (iii) in the event that Icon Media fails to provide fee quotation to its customers in accordance to the rates provided by the supplier; (iv) in the event that Icon Media provides fee quotation to customers who have not been approved by the supplier; and (v) upon mutual agreement by both parties

As at the Latest Practicable Date, all publications of advertisements under the contract have been completed. Our Group has not renewed or entered into a new contract with the supplier due to changes in customers' needs and marketing strategies.

b. Housing estates, shopping malls and commercial buildings

During the Track Record Period, our non-exclusive advertising spaces in housing estates, shopping malls and commercial buildings in major cities of the PRC comprised, among others, (i) frame displays and LCD screens supplied by Focus Media Group in cities including Shanghai, Guangzhou and Beijing; and (ii) LED screens in Wanda Square (new advertising resources obtained in the first half of 2019) located in, among others, Qingdao, Beijing, Dalian, Chongqing and Tianjin.

(ii) Online non-exclusive advertising resources and others

In addition to our provision of offline advertising services, we provide integrated online advertising services to our customers. According to the iResearch Report, the overall offline advertising market has experienced a decline from 2014 to 2018 at a negative CAGR of approximately 3.3%. In contrast, the size of the online advertising market has expanded from RMB154.6 billion to RMB484.4 billion from 2014 to 2018, with a CAGR of 33.0%. By maintaining our business relationship with our suppliers and customers, we are able to promote and strengthen our reputation in the industry and build a wider spectrum of clientele. During the Track Record Period, we were able to secure placement of advertisements from our customers and advertising spaces from our online providers. The two major online advertising spaces we offered were (i) paid search internet advertising by auctions (refers to advertising on the search result pages to display the ranking of the advertisers' advertisements by auctions); and (ii) display advertising. To secure advertising spaces from online providers in the form of paid search internet advertising by auctions and display advertising, we are required to make a prepayment prior to the publication of the advertisements. We are eager to establish long-term relationship with our advertising customers and attract new customers to secure placement of advertisements from them. In view of the rapid growth of the online advertising market, we have applied several strategies to capture the market opportunities, please refer to the paragraph headed "— Sales and marketing" in this section for further details of our sales and marketing strategies. Our Directors believe that our ability to offer a wide array of online advertising resources and our strong business relationships with suppliers of online media resources which are internet media giants would give us a competitive edge against our competitors in achieving the marketing objectives of our customers.

Based on our analysis of the industry data we obtained from Independent Third Parties and our understanding of the needs and the type of products and/or services of our customers, we would devise online media advertising strategies for our customers and assist them to identify and select the appropriate online advertising platforms. After receiving our customers' confirmation for the publication of the advertisements, we will sign contracts with our customers. We will then assist our customers to place advertisements on the advertising platforms and deliver to the supplier the content and specification of the advertisement for publication location. For certain suppliers, we are required to make prepayment prior to the publication of the advertisement. Our customers are generally charged on CPM or CPC basis for the placement of advertisement on the advertising platforms. An advertisement generates an "impression" when the advertisement page or content is displayed. CPM refers to the cost per 1,000 advertisement impressions. Some viewers who have seen the display will click through the advertisement. CPC refers to the cost per each click-through of the advertisement.

During the Track Record Period, the online advertisements placed by our customers were generally displayed in the form of videos, banners, advertorial, newsfeeds and text chain messages. Video advertisements generally last for five to 60 seconds and are published at specific time slots depending on the schedule of the video programs; whilst banners, advertorial, newsfeeds and text chain messages are displayed for a fixed period depending on the budget and marketing objectives of our customers. After the publication of advertisements, we will issue a report to our customers indicating that the advertisements had been placed on the relevant online advertising platforms. Upon request of our customers, we will send evaluation reports issued by a third party to our customers to evaluate the effectiveness of the advertisements published.

In line with industry norms, the agreements with our customers and suppliers are generally negotiated on a project-by-project basis, and typically set forth the publication period of the advertisement, time slot, the type and form of the advertisements requested by our customers and the pricing terms.

Set out below are the principal terms of our contracts with suppliers of online media advertising spaces during the Track Record Period:

Publication period of advertisements:	A fixed period ranging from one day to six months
Contract sum:	In general, contract sum is a fixed sum determined based on the following criteria: • Type of platforms • Format of advertisement • Publication time slot • Geographical region • Duration of advertisement
Scope of services:	Publication of advertisements on various online media advertising platforms.
Payment terms:	Generally on or before the 15th day following the month of signing of the contract for the supply of the advertising spaces. For certain suppliers, prepayment before publication of advertisement is required.
Termination:	In general, Icon Media has the option to terminate the contract: in the event that the supplier fails to publish the advertisement on the advertising platform in accordance with the publication period, content and format of the advertisement stipulated under the contract.

Set out below are the principal terms of our contracts with customers engaging us for our online media advertising resources:

Publication period of advertisements:	A fixed period ranging from one day to six months
Contract sum:	In general, contract sum is calculated by CPM or CPC basis
Scope of services:	Publication of advertisements on the online media advertising platform based on the following criteria: • Type of platforms • Format of advertisement • Publication time slot • Geographical region • Duration of advertisement
Payment terms:	Generally within a fixed period following the publication of the advertisement.
Termination:	In general, a customer has the option to terminate the contract in the event that Icon Media is unable to publish the advertisement on the advertising platform in accordance with the publication period stipulated under the contract.

During the Track Record Period, we provided our customers with online media advertising resources which can be divided into the following categories: (a) web portal; (b) video-sharing; (c) social media; (d) search engine; (e) information media; and (f) apps and others. Set out below is a breakdown of our revenue by the type of online non-exclusive advertising resources during the Track Record Period:

	Year ended 31 December				**Six months ended 30 June**	
	2017		**2018**		**2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Web portal	7,393	52.2	5,937	57.8	—	—
Video-sharing	2,680	18.9	749	7.3	—	—
Social media	1,122	7.9	1,322	12.9	395	45.6
Apps and others	1,557	11.0	784	7.6	28	3.2
Information media	205	1.5	799	7.8	374	43.1
Search engine	1,210	8.5	674	6.6	70	8.1
	14,167	100.0	10,265	100.0	867	100.0

a. Web portal

Web portal generally refers to content aggregation websites of comprehensive categories, which categorizes a large amount of network content into one website page, including information media, news, real estates, entertainment, education, sports, games, automobiles, technology etc. It is usually used as an entrance for users to access the internet to improve the convenience of users' access to content. Through broadcasting the advertisements through web portal, customers can display their advertisements under the relevant topic which matches their advertisement content. This would allow brand owners to effectively reach their target audience. For FY2017 and FY2018, provision of advertisement spaces through web portal platforms was the most popular online media advertising resource selected by our customers. Revenue generated from offering of advertising spaces of web portal platforms accounted for approximately 52.2%, 57.8% and nil% of total revenue arising from online non-exclusive advertisement resources for FY2017, FY2018 and 1H2019, respectively. Our suppliers of web portal advertising platforms during the Track Record Period include agents of or companies who have access to the ad space of Tencent, Sina and Netease.

Set out below are samples of the web portal advertising platform offered by us during the Track Record Period:

b. Video-sharing

Video-sharing platforms provide viewers with different types of video content including film, TV series, animations, news and live broadcast. Viewers can access the streaming video content via their mobile devices and smart TV. Advertisements in the form of videos, banners and text chain messages are displayed before or while the video content is being viewed. Our customers can choose to place advertisements in their selected programs to reach their target audience. Video advertisements were generally sold as 15-second or 30-second spots on CPM basis, whilst banners and text chain messages were generally sold on CPM basis. During the Track Record Period, we helped (i) Liby Group to publish their video advertisements on iQiyi, one of the largest internet video streaming service providers in China; and (ii) Chimelong Group to publish banner advertisements on Bilibili, a video-sharing platform in China. Revenue generated from offering of advertising spaces at online video platforms accounted for approximately 18.9%, 7.3% and nil% of our revenue arising from online non-exclusive advertisement resources for FY2017, FY2018 and 1H2019, respectively.

Set out below are samples of the online video platform offered by us during the Track Record Period:

c. Social media

Social media platforms allow users to gain access to the social networks through which users share and exchange messages or information. Advertisement via social media platforms can increase the exposure of the products and/or services of the brand owners and expand their reach to the target audience by sharing with them videos, text messages or images. During the Track Record Period, we have been able to assist our customers in broadcasting their advertisements on social media platforms on WeChat, Weibo and Douyin* (抖音). Revenue generated from offering of advertising spaces at social media platforms accounted for approximately 7.9%, 12.9% and 45.6% of our revenue arising from online non-exclusive advertising resources for FY2017, FY2018 and 1H2019, respectively.

Set out below is a sample of the social media platform offered by us during the Track Record Period:

d. Search engine

Search engine advertising platform is an online media platform that matches the advertisements of customers in the form of in-feed and display advertisements to searches conducted by users of the platform based on defined parameters such as key terms and target user group. During the Track Record Period, we offered our customers search engine advertising platforms in, among others, Apple App Store and Baidu. Revenue generated from offering of advertising spaces at search engine platforms accounted for approximately 8.5%, 6.6% and 8.1% of our revenue arising from the online non-exclusive advertising resources for FY2017, FY2018 and 1H2019, respectively.

Set out below is a sample of the search engine advertising platform offered by us during the Track Record Period:

e. *Information media*

Information media generally refers to the vertical news information platform with feed as its presentation mode. Unlike web portal, which is a content aggregation website of comprehensive categories, information media mainly focuses on delivering news information through insight into user's personalized content preferences and needs. Information media is an emerging form of network media, which is more common in mobile internet. As these platforms are usually content driven, brand owners would select platforms which is most relevant to a specific target group. A majority of our suppliers of information media platforms provides news content to the public. During the Track Record Period, we worked with suppliers such as Baidu, Tencent and Toutiao who provided news and information content to the public. Revenue generated from offering of advertising spaces at information media platforms accounted for approximately 1.5%, 7.8% and 43.1% of our revenue arising from the online non-exclusive advertising resources for FY2017, FY2018 and 1H2019, respectively.

Set out below are samples of our information media platform offered by us during the Track Record Period:

f. *Apps and others*

We also provide our customers with online advertising platforms under apps and other platforms for placement of advertisements. The apps and other platforms include, among others, public wifi and network portal apps, health and lifestyle apps, software utility apps which do not fall under the other five types of online non-exclusive advertising resources. Placement of advertisements on these apps and other platforms allows customers to reach their target audience through these specific genres of online platforms based on audience attributes. We assisted our customers in identifying and selecting the appropriate platforms with reference to the nature and the number of active mobile users. In general, advertisements placed on apps and other platforms were sold on a CPM or CPC basis. Revenue generated from offering of advertising spaces at apps and other platforms accounted for approximately 11.0%, 7.6% and 3.2% of our revenue arising from the online non-exclusive advertisement resources for FY2017, FY2018 and 1H2019, respectively.

Set out below are samples of app and other platforms offered by us during the Track Record Period:

Our Directors believe that the coverage of our online media platforms and our established relationships with major players such as Tencent, Baidu and Toutiao would allow us to (i) continue to maintain our position as a core business partner with our customers; (ii) further expand our supplier base to gain direct access to different advertising platforms; and (iii) capture the growth opportunity in the integrated online media industry in the PRC.

C. PR, marketing campaigns and other services

Complementary to our exclusive and non-exclusive advertising resources, we also assisted our customers in organising campaigns and events to promote their brands, services and products during the Track Record Period.

Our PR, marketing campaigns and other services included devising strategies, formulating advertising solutions, coordinating with media platforms and organising and executing marketing campaigns. Based on the objectives of our customers as well as the types of products or services, we would devise campaign strategies and prepare product and/or service launching proposals, including design of the programmes and rundown of events. In addition, we would assist with project management and execution of the campaigns. To ensure the quality of the campaigns, we would collaborate with independent service providers to assist with the preparation and execution of the event, including sound and lighting adjustment, stage design, visual effect display, content write-up and coding. Members of our senior management are generally more involved in the overall planning of products and/or services marketing campaigns as such events would attract more public attention and media coverage, whilst our operation team would liaise with our customers and independent service providers to ensure that the event is properly monitored and executed according to the plans.

Below are the major steps involved in planning and organisation of a PR or marketing campaign:

Preliminary discussions:	In general, our customers approach us for a product and/or service marketing campaign. We will have meetings with the 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:	Together with independent service providers, we will consider the use of suitable technology and media platform to satisfy the needs and expectations of our customers. We will prepare a detailed proposal setting out the campaign strategies, plan, flow of event, budget, schedule and other details.
Further discussions with our customers and confirmation of proposal:	We will further discuss with our customers their needs and specifics, and present our strategies and proposals to our customers. We may sometimes invite other service providers to participate in the discussions on feasibility and other specific requirements.

Commencement of preparation work:	Following confirmation of our proposals, we will commence preparation work for the product and/or service marketing campaign. We will discuss and finalise with other service providers the specific requirements, procedures, 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. If the event is for a period of time, our team will continue to monitor the event and to liaise with our customers and other service providers to ensure that the event is run in accordance with the approved proposal until completion.

One of our representative projects under this business segment during the Track Record Period was the organisation of the joint marketing event of a leading online game in the PRC at Guangzhou Chimelong park and Zhuhai Chimelong park (the "**Chimelong Project**"). Leveraging on our experience in PR campaigns and marketing events, and our established relationships with strategic partners, in June 2018, Chimelong Group appointed us as its service provider responsible for formulating, organising and implementing the Chimelong Project, an innovative joint marketing event between a mobile game and theme park in the PRC.

We were responsible for, among others, (i) formulation of the marketing strategy; (ii) discussed with and entered into joint marketing event agreement with the operator of a leading online game in the PRC; (iii) identified, selected, collaborated with and entered into contracts with other service providers, such as (a) production houses for the design and production of promotional materials; (b) design houses for the design and production of VR and CG; (iv) arranged for the promotional materials to be broadcasted in different media, such as online media and offline media; and (v) secured the intellectual property rights to be used in different media platforms.

As part of our advertising strategy to promote the Chimelong Project, we employed innovative marketing techniques to combine the elements of the online game with Chimelong theme park facilities, including: (a) 4-dimension cinema; (b) VR roller coaster; (c) float parade; (d) high-precision sculpture of game characters; and (e) a fleet of drones to form various patterns for promotion purpose over the theme parks. Set out below are some pictures of the Chimelong Project:

The logo of Zhuhai Chimelong Ocean Kingdom overhead formed by our fleet of drones

Cosers representing characters in the game under the VR roller coaster

Float decorated platform under the sky canopy showing elements of the game

Float parade in Chimelong theme park

In April 2019, the Chimelong Project was awarded as an "Innovative Case" and a "Distinctive Case" by the Platform Marketing Department of Tencent Group during its business partner summit. In May 2019, the Chimelong Project was awarded a Gold Award in Crossover Marketing of the Gold Vision Award organized by the Advertiser magazine. In May 2019, the Chimelong Project was awarded a Silver Award in Agencies and Advertisers category of International Advertising Awards. Please refer to the paragraph headed "— Awards" in this section for details.

Apart from the Chimelong Project, we also provided PR, marketing campaigns and other services to a wide range of customers during the Track Record Period. Our customers under this business segment include PRC state-owned enterprises, famous PRC online entertainment companies, real estate developers and other renowned enterprises. We have completed such projects in the number of 62, 136 and 44 for FY2017, FY2018 and 1H2019 respectively, and we assist our customers in carrying out car shows, commercial promotions, sports activities, live shows and maintenance works. For example, we were engaged by a customer in assisting the largest pick-up truck and sport utility vehicle manufacturer in the PRC to conduct an off-line marketing activity in relation to the debut of a new electric car in FY2018. Subsequent to 30 June 2019 and up to the Latest Practicable Date, our Group had completed 11 PR, marketing campaigns and other services projects.

According to the iResearch Report, the proportion of value-added Chinese culture and related industries in GDP, such as cultural tourism and IP-related cultural industry, has increased steadily and will continue to increase. Our Directors are of the view that our experience and success in event organisation and management would continue to enable us to seize the opportunities brought by the steady increase of culture-related industries.

AWARDS

We have received various awards and recognitions from industry players and organisations which, in our Directors' opinion, are recognitions of our achievements and quality of work. The following table sets forth a number of the awards we received during the Track Record Period:

Name of the award	Awarding institution	Level of award	Date of receiving the award
Top 500 Companies of Modern Service Industry in Guangdong of 2017	Guangdong Provincial Association of Modern Service Industry	N/A	December 2017
Leading Brand (Industry) 2017	ABAS Expert Committee, Asiabrand Research Institute and Asiabrand Assessment Center	N/A	27 November 2018
Top 100 Brands of Guangdong-Hong Kong-Macau Greater Bay Area	ABAS Expert Committee, Asiabrand Research Institute and Asiabrand Assessment Center	N/A	9 September 2017

Name of the award	Awarding institution	Level of award	Date of receiving the award
11th China Advertisers Gold Vision Award	Organising Committee of China Advertisers' Summit	Gold Award of cross-industry marketing category	May 2019
10th (2018–2019) Tiger Roar Award	Tiger Roar Award Organising Committee of China Business Advertising Association	Bronze Award of IP marketing category	May 2019
10th (2018–2019) Tiger Roar Award	Tiger Roar Award Organising Committee of China Business Advertising Association	Distinctive Award of tourism and sightseeing category	May 2019
IAI Festival 2019 (Agencies and Advertisers Group 1 Integrated Marketing)	Executive Committee of IAI International Advertising Award	Silver Award	May 2019
2019 Interactive Entertainment Platform Marketing Department Partners' Summit	Platform Marketing Department of one of the largest internet companies in the PRC	Innovative Case Award	May 2019
2019 Interactive Entertainment Platform Marketing Department Partners' Summit	Platform Marketing Department of one of the largest internet companies in the PRC	Distinctive Case Award	May 2019

ONGOING CONTRACTS

As at the Latest Practicable Date, we had a number of ongoing contracts which are expected to generate revenue for FY2020 or thereafter, details of which are set forth in the table below:

	Number of projects	Total contract sum *(RMB'million)*	Contract values of services expected to be rendered for the year ending 31 December 2020 or thereafter *(RMB'million)*
Exclusive advertising resources	21	28.9	14.4
Non-exclusive advertising resources	9	88.7	13.9 *(Note)*
PR, marketing campaigns and other services	3	0.1	—
Total	33	117.7	28.3

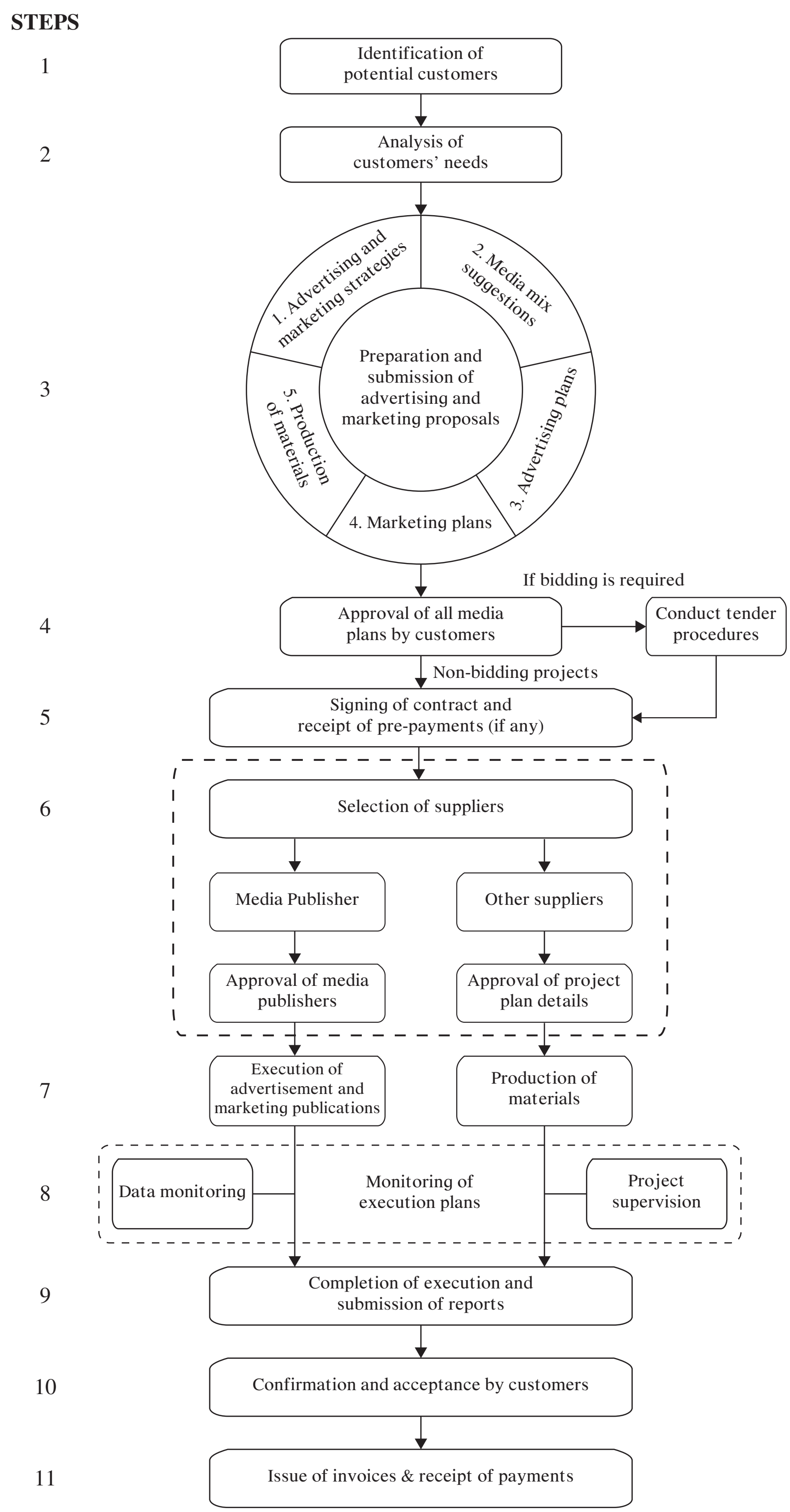
Note: It does not include the uncontracted portion of RMB237.0 million as at the Latest Practicable Date in relation to the framework agreement with Megahive.

LICENCES, PERMITS AND APPROVAL

The regulatory and legal systems of the advertising and integrated marketing industry in the PRC are set out in the section headed "Regulatory Overview" in this prospectus. As confirmed by our PRC Legal Advisers, we obtained all requisite licences, permits and certification which are necessary for the operation of our scope of businesses during the Track Record Period and up to the Latest Practicable date. Our Directors confirm, and our PRC Legal Advisers concur, that during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any difficulties in renewing any of our licences, permits and certification necessary for our operations in the PRC.

WORKFLOW OF OUR BUSINESS

The following diagram describes the workflow of our business operation:



Step 1: Identification of potential customers

We generally identify potential customers through our sales and marketing team, participation in tenders, referrals from existing customers and placement of our own advertisements. For further details, please refer to the paragraph headed "Sales and marketing" in this section.

Step 2: Analysis of customers' needs

After identifying an opportunity, our sales and marketing departments will communicate with our customers about their requirements.

Step 3: Preparation and submission of advertisement and marketing proposals

After understanding the objectives, budgets and timetables of our customers, our sales and marketing team will prepare proposals advising on areas such as advertising and marketing strategies, media mix suggestions, advertising plans, marketing plans and production of materials. The proposals which are based on market data from quarterly industry report we purchased from independent third-party market research companies may cover analysis of market trends, consumer behavior patterns, strengths of different types of advertisements and their estimated effectiveness.

Step 4: Conducting tender procedures

If tender is required, we will prepare the relevant tender documents and submit our proposals.

Step 5: Signing of contracts and receipts of prepayments

After confirming our fees and execution plans, we will sign contracts with our customers. Sometimes, we require our customers to make pre-payments before execution of the advertising and marketing plans.

Step 6: Selection and approval of suppliers

Based on the requirements of our customers and the selected media coverage, we will contact our suppliers for provision of services. When the terms and conditions are finalised, we will sign contracts with our suppliers.

Step 7: Execution of advertising and marketing solutions and production of materials

After entering into contracts with the relevant suppliers, we will coordinate with them to execute the advertising and marketing solutions according to the execution plans, which would include advertisement publication and production of marketing materials.

Step 8: Monitoring execution plans

After placement of the advertisement, for quality control and to ensure smooth execution, we will monitor the implementation of the advertisement to ensure the advertisement is properly executed. 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 customer's requirement.

Step 9: Completion and submission of reports

After completion, we will provide our customers with execution reports showing the execution of the advertisements and the implementation of our marketing plans.

We may also engage independent research companies to provide effectiveness evaluation reports to certain customers (i) upon their request; or (ii) when our customers have new advertising format or advertising campaigns of extensive scale. The content of the evaluation reports generally includes: (i) evaluation on the effectiveness of advertisements based on factors such as persuasion, exposure rate and advertisement impression; (ii) analysis of brand performance which includes brand preference, brand awareness and brand loyalty; and (iii) analysis of target audience which includes the characteristics, behaviours and values of the target audience.

Step 10: Confirmation and acceptance by our customers

Our customers are requested to acknowledge receipt of our reports and completion of the execution plans.

Step 11: Issue of invoices and receipt of final payments

After our customers have confirmed completion of execution plans, we shall issue our invoices. For details of the payment terms and settlement of payments, please refer to the paragraph headed "Our customers — Credit policy and payment terms" in this section.

SALES AND MARKETING

Our sales and marketing team is headed by Ms. Liang and consists of 7 employees.

Ms. Liang has over 20 years of industry and management experience. Under her supervision and guidance, our sales and marketing team maintains regular contacts with our existing customers to understand their needs, provide them with updates on advertising trends, our media resources and advertising solution. Through periodic contacts and exchange of industry insights, we aim to secure further business from our existing customers and attract prospective customers. In addition, our team would source and identify new customers and promote our business by (i) attending industry conferences and marketing events; (ii) reaching out to targeted potential customers based on the results of our analysis of marketing data obtained from third parties; and (iii) participating in public tenders.

Participating in industry conferences

Our team attends industry conferences to solicit new customers. After the conferences, our team would:

- gather background information of the potential customers and follow-up;

- meet with the potential customers to introduce our capability, and identify their marketing objectives and budget; and
- prepare and present our tailor-made proposals to the potential customers based on their specific requirements.

Analysing marketing data obtained from third parties

Our team regularly review industry data purchased from third parties to identify potential customers. Leveraging on our experience in the advertising industry, we are able to identify potential customers who may be interested in our advertising and marketing solutions, and media resources, which would prompt us to formulate a tailor-made advertising proposal that could address their specific needs.

In addition, regular review of the market data allows us to keep abreast with the industry trends, consumer behavior and availability and effectiveness of media resources. Such information enable us to better position ourselves and capture market growth opportunities.

Participating in public tenders

We sometimes capture business opportunities through participating in public tenders. In general, our team would (i) analyse tender documents issued by potential customers to identify the scope of work, costs, schedule and technical requirements; and (ii) formulate a proposal which will set out our advertising resources and recommended integrate advertising solutions. In determining whether we will participate in the tender process, we would consider, among other factors, the type and scale of the contract, our resources and the potential value that the tender could bring to our business. In general, we would price a tender with reference to our previous tenders of similar nature and costs involved.

During the Track Record Period, we recorded revenue generated from tenders of approximately RMB5.0 million, RMB5.0 million and RMB0.1 million for FY2017, FY2018 and 1H2019, respectively, representing approximately 3.5%, 2.4% and 0.1% of our total revenue for FY2017, FY2018 and 1H2019, respectively.

For the corresponding period, we had a success rate of tenders of 60.0%, 63.6% and 20.0%, respectively, in terms of the number of tenders submitted.

The following table illustrates our tender success rate during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**
	2017	**2018**	**2019**
Number of tenders submitted	10	11	5
Number of successful tenders	6	7	1
Success rate of tender proposals	60.0%	63.6%	20.0%

OUR CUSTOMERS

We served over 180 customers during the Track Record Period and all of them were based in the PRC and Hong Kong. Our customers include brand owners (including state-owned enterprises in the PRC), advertising agencies and government authorities.

The following table sets forth a breakdown of our revenue by type of customers during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Revenue from								
— Direct customers[(Note)]	135,757	94.4	175,718	84.1	56,702	84.4	29,255	38.7
— Advertising agencies	8,008	5.6	33,223	15.9	10,495	15.6	46,370	61.3
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

Note: Including Megahive as it is designated advertising agent of Liby Group and they are treated as a whole.

During FY2017 and FY2018, we generated a significant portion of our revenue from direct customers (including both brand owners and government authorities) representing more than 80% of total revenue. For 1H2019, the proportion of direct customers reduced significantly to represent only approximately 38.7% of our total revenue because we secured several new advertising projects from three new major advertising agency customers representing reputable national and international brands in the industries of automotive and alcohol. As our business model is in general project-based, our provision of services is tailor-made to the specific needs and requirements of our customers on each individual project, irrespective of whether they are direct customers or advertising agencies. During the Track Record Period, we provided integrated multimedia advertising and marketing solution services to both direct customers and advertising agencies. It is our strategy to continue to provide our services to both direct customers and advertising agencies depending on the industry trend and market demand. Regardless of whether our customers are direct customers or advertising agencies, our profitability for each customer is subject to (i) the advertising resources deployed; (ii) our relationship with the customer; (iii) nature of services provided; (iv) scale and complexity of a project and the timeframe involved; and (v) fees charged by our suppliers, etc. Contract and payment terms may vary in accordance with the needs and requirements of the customers based on individual negotiation with our customers. In general, as confirmed by our Directors, the collection of receivables from advertising agents was usually slower than our direct customers because advertising agents were not the ultimate advertisers and had to liaise with different brand owners for settlement.

We provide integrated multimedia advertising and marketing solution services to a large variety of brand owners, customers in both public and private sectors such as government authorities, stated-owned enterprises, publicly listed and private companies across a wide range of industries such as household essentials and beauty-care, cultural tourism, banking and finance, automotive and property development.

The following table sets forth a breakdown of our Group's revenue by industry sector during the Track Record Period categorized to the best of our knowledge based on the principal business of our customers:

	Years ended 31 December				Six months ended 30 June	
	2017		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Household essentials and beauty-care[(Note)]	63,406	44.1	104,674	50.1	21,397	28.3
Entertainment and leisure	36,745	25.6	38,635	18.5	538	0.7
Property	17,486	12.2	20,655	9.9	2,705	3.6
Advertising and media	7,774	5.4	19,425	9.3	44,258	58.5
Banking and finance	5,110	3.6	3,665	1.8	1,316	1.7
Food and beverage	4,324	3.0	4,057	1.9	2,375	3.1
Others	8,920	6.1	17,830	8.5	3,036	4.1
	143,765	100.0	208,941	100.0	75,625	100.0

Note: Including Megahive as it is designated advertising agent of Liby Group and they are treated as a whole.

Our major customers

The following table sets out our five largest customers based on our revenue recognised during the Track Record Period:

FY2017

Rank	Customer name	Industry	Revenue	% of total revenue	Relationship since	Relationship with our group
			(RMB'000)	*(%)*		
1	Liby Group and its related parties [(Note 1 & 2)]	Household essentials and beauty-care	59,192	41.2	2016	Independent Third Party
2	Chimelong Group and its related parties	Entertainment	35,821	24.9	2016	Independent Third Party
3	KINGOLD Group	Properties development	17,443	12.1	2009	Connected Person
4	Focus Media Group [(Note 3)]	Advertising agency	3,546	2.5	2016	Independent Third Party
5	Megahive [(Note 1 & 2)]	Household essentials and beauty-care	3,317	2.3	2016	Independent Third Party
	Total		119,319	83.0		

FY2018

Rank	Customer name	Industry	Revenue (RMB'000)	% of total revenue	Relationship since	Relationship with our group
1	Megahive (Note 1 & 2)	Household essentials and beauty-care	85,593	41.0	2016	Independent Third Party
2	Chimelong Group and its related parties	Entertainment	31,467	15.1	2016	Independent Third Party
3	KINGOLD Group	Properties development	19,904	9.5	2009	Connected Person
4	Liby Group and its related parties (Note 1 & 2)	Household essentials and beauty-care	18,195	8.7	2016	Independent Third Party
5	Mingrui Interactive	Advertising agency	7,630	3.7	2018	Independent Third Party
	Total		162,789	78.0		

1H2019

Rank	Customer name	Industry	Revenue (RMB'000)	% of total revenue (%)	Relationship since	Relationship with our group
1	Beijing YuanHang Shijia Media and Advertising Co., Ltd.* (北京遠航世嘉傳媒廣告有限公司)	Advertising agency	26,351	34.8	2019	Independent Third Party
2	Megahive (Note 1 & 2)	Household essentials and beauty-care	16,576	21.9	2016	Independent Third Party
3	Aosheng Media	Advertising agency	7,844	10.4	2018	Independent Third Party
4	Camenae Cosmetics Co., Ltd.* (嘉媚樂化妝品有限公司)	Household essentials and beauty-care	4,387	5.8	2019	Independent Third Party
5	Beijing Ruiheng Tianxia Advertising Co., Ltd.* (北京瑞恆天下廣告有限公司)	Advertising agency	3,613	4.8	2019	Independent Third Party
	Total		58,771	77.7		

Notes:

(1) Megahive is a designated advertising agent of Liby Group.

(2) Liby Group and our Group has entered into a framework agreement, pursuant to which all contracts signed by Liby Group and its related parties and its designated advertising agent will be treated as a whole and all contract sums derived thereunder will be counted towards satisfaction of the target advertisement sum stipulated under the framework agreement. For details of the agreement, please refer to the paragraph headed "— Our customers — Long-term agreement" in this section.

(3) We have entered into contracts with Focus Media Holding Ltd. (分眾傳媒有限公司), Chizhong Advertising Co., Ltd. (馳眾廣告有限公司), Ningbo Fen Shi Advertising Co., Ltd. (寧波分視廣告有限公司), which are all subsidiaries of Focus Media Information Technology Co., Ltd. (分眾傳媒信息技術股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock code: 002027). They are collectively known as the "**Focus Media Group**".

Our Directors confirm that, save for KINGOLD Group, none of our Directors, their respective close associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of our issued Shares as at the Latest Practicable Date), has or had any interest in any of our five largest customers for FY2017, FY2018 and 1H2019.

Customer concentration and our reliance on our major customers

For FY2017, FY2018 and 1H2019, the revenue from our five largest customers of the corresponding period accounted for approximately 83.0%, 78.0% and 77.7%, respectively, of the total revenue of our Group. Megahive, our largest customer in FY2018, is a designated advertising agent of Liby Group, our largest and fourth largest customer in FY2017 and FY2018, respectively. Megahive accounted for approximately 2.3%, 41.0% and 21.9%, respectively, of the total revenue of our Group for FY2017, FY2018 and 1H2019, whilst Liby Group accounted for approximately 41.2%, 8.7% and 0.1% of the total revenue of our Group for the same period, together they accounted for approximately 43.5%, 49.7% and 22.0%, respectively, of the total revenue of our Group.

During the Track Record Period, we have entered into two long-term framework agreements with two of our customers for a contract period of three years and an aggregate non-legally binding contract value of RMB300.0 million on a non-guaranteed basis. One of them was our largest customer for FY2017. The two agreements will expire on 31 December 2019 (the contract period was renewed from 1 January 2020 to 31 December 2022) and 30 June 2021, respectively. Save for the above, we do not have extended relationship with our five largest customers. Most of our top five customers have only had approximately two years of relationship with us. In line with the industry norm, we do not generally enter into long-term contracts with our customers and perform our services on a project-by-project basis. For details of the risks relating to the customer concentration and our reliance on our major customers, please refer to the section headed "Risk Factors — Risks relating to our business — Our business during the Track Record Period was concentrated on certain customers with whom we have not entered into long term contracts, and losing anyone of them could result in a material adverse impact on our financial performance and business prospects".

Given the nature of our business and the industry as a whole, our Directors are of the view that revenue from our five largest customers contributed a significant portion of our total revenue is not uncommon.

Sustainability of our business in view of customer concentration

Our Directors are of the view that despite the customer concentration and our reliance on our major customers, the business of our Group is sustainable due to the following reasons:

(a) Our ability to attract new customers

We participate in conferences and meetings from time to time. Also, we take a proactive approach in reaching out to potential customers by visiting various cities and companies on a regular basis. Together with referrals from our existing customers, our customer base has expanded over the years. We have approximately 78, 135 and 70 customers with revenue recognised during FY2017, FY2018 and 1H2019, of which 36, 69 and 26 customers with revenue recognised during the corresponding periods, respectively, were new customers who do not have business with our Group in the past. In light of the above, our Directors consider that our Group is able to continue to attract new customers and secure new projects.

(b) Our plans to strengthen our business relationships with existing customers and increase our recurring income

We endeavor to strengthen our business relationships with our existing customers. Out of the 78, 135 and 70 customers with revenue recognised during FY2017, FY2018 and 1H2019, 36, 69 and 26 customers were new customers; and 42, 66 and 44 customers were repeated customers for the corresponding periods, respectively.

(c) Our expansion to other geographical areas of the PRC

According to the iResearch Report, the total advertising market size in terms of revenue in PRC increased from RMB347.0 billion in 2014 to RMB652.8 billion in 2018 with a CAGR of 17.1%. From 2019 to 2023, the total advertising market size in terms of revenue in PRC is expected to grow at CAGR of 18.8%. We are actively expanding our businesses coverage to other areas of the PRC in order to bring in more income to our Group and we target to broaden our customer base in Northern China (particularly, Beijing and Shanghai) and the Greater Bay area and thus secure a stable and long-term source of revenue.

(d) Our capability to maintain our revenue growth

According to the iResearch Report, the integrated marketing and advertising markets in the PRC will continue to grow at high speed. In view of the promising markets and the benefits that 5G technology may bring about to the advertising market as a whole, our Group aims to enrich our service capability by strengthening our content production ability via creating our own content creation and operation team to help alleviate the burden of creating content for our customers in order to secure long-term growth. For details please refer to the paragraph headed "Our business strategies and future plans — Actively expand our customer base and sales by extending business coverage and service offerings" in this section.

During the Track Record Period and up to the Latest Practicable Date, we had 33 on-going or newly awarded contracts with a total aggregated contract sum of approximately RMB117.7 million, among which revenue of approximately RMB14.2 million had been recognised during the Track Record Period. During the Track Record Period, we entered into two legally binding long-term framework agreements with two of our customers, one of them is our largest customer during the Track Record Period.

Our Directors' view

Given (a) our ability to attract new customers, (b) our plans to strengthen our business relationships with existing customers and increase our recurring income, (c) our expansion to other geographical areas of the PRC, and (d) our capability to maintain our revenue growth, our Directors are of the view that we will be able to control the risks of customer concentration and our reliance on our major customers and expand and increase our market share in the PRC. Accordingly, our Directors are of the view that the customer concentration and our reliance on our major customers would not impact our Group's suitability for the Listing.

Pricing policy

We formulate and adjust our pricing policy in accordance with industry information and market trends. Prices offered to our customers (whether they are brand owners, advertising agencies or governmental authorities) are determined on a case-by-case basis with reference to, among others, (a) nature of services required; (b) scale and complexity of a project; (c) the timeframe involved; (d) fees charged by our suppliers; (e) our profit margin; (f) the amount of sales rebate offered to our customers; and (g) the budget of our customers as well as future opportunities of cooperation with the customer. As an integrated advertising and marketing solutions provider, we, in general, charge our customer a packaged price, inclusive of all the services we provide.

Consistent with industry practice, the price for various forms of advertising resources ranges widely depending on its nature and distribution platforms.

For provision of OOH advertising resources, we set our price with reference to, among others, fees charged by our suppliers, market demand for such advertising resources, location and passenger traffic for the transport facilities that our advertisement is placed in, the price of similar advertising resources in similar locations.

For provision of indoor advertising resources, we set our price with reference to, among others, fees charged by our suppliers, market demand for such advertising resources, the popularity of the variety shows in which the advertisements would be placed. For example, the price of TV advertising time slots and soft-sell TV advertisements in the different TV channels may vary depending on the nature of the variety shows or whether it is aired during prime time.

In addition to the nature of advertising resources we offer, whether we have exclusivity to the advertising resources would also affect our pricing. For advertising resources that we have secured exclusivity, we set out price based on our cost price, the market condition and our management team's discretion. On the other hand, for those non-exclusive advertising resources, we set out price based on the fixed charge rate published by our supplier.

The following table sets forth a breakdown of the number of our projects by the range of contract sum for each type of advertising platforms:

Range of contract sum (RMB'000) / Types of advertising resources (number of projects)	For the year ended 31 December								For the six months ended 30 June			
	2017				2018				2019			
	OOH	Indoor	Online	PR, marketing campaigns and other services	OOH	Indoor	Online	PR, marketing campaigns and other services	OOH	Indoor	Online	PR, marketing campaigns and other services
0–100	39	1	19	38	80	1	28	113	39	—	12	37
101–1,000	53	3	16	21	39	—	19	19	12	—	4	5
1,001–5,000	21	2	5	3	24	1	22	3	7	1	2	2
Over 5,000	3	1	2	—	4	5	1	1	4	—	—	—
Total	116	7	42	62	147	7	70	136	62	1	18	44

Our business is in general project-based and non-recurring in nature. As illustrated above, the contract sums of our advertising and marketing projects were mainly under RMB1.0 million during the Track Record Period. During the Track Record Period, we have a few projects with contract sum over RMB5.0 million, which were mainly projects using OOH and indoor resources.

The following table sets forth a breakdown of the revenue of our projects by contract sum for each type of advertising resources:

Range of contract sum (RMB'000) / Types of advertising resources (Revenue (RMB'000))	For the year ended 31 December								For the six months ended 30 June			
	2017				2018				2019			
	OOH	Indoor	Online	PR, marketing campaigns and other services	OOH	Indoor	Online	PR, marketing campaigns and other services	OOH	Indoor	Online	PR, marketing campaigns and other services
0–100	1,419	94	468	1,180	2,605	18	924	3,213	1,540	—	503	1,097
101–1,000	22,773	1,116	6,640	6,326	15,890	—	5,941	6,562	4,888	—	835	1,621
1,001–5,000	50,257	2,976	3,765	5,256	53,458	3,277	7,322	8,472	14,820	1,415	6,274	3,432
Over 5,000	23,523	14,678	3,294	—	20,135	73,620	283	7,221	39,200	—	—	—
Total	97,972	18,864	14,167	12,762	92,088	76,915	14,470	25,468	60,448	1,415	7,612	6,150

During the Track Record Period, the contract sums of our advertising and marketing projects were mainly over RMB5.0 million, except that in FY2017, the contract sums were mainly between RMB1.0 million and RMB5.0 million. This was in line with the growing number of contract with larger contract sums. For FY2017, FY2018 and 1H2019, we had six, 11 and four projects with contract sum of over RMB5.0 million, which generated approximately 28.9%, 48.5% and 51.8% of our total revenue, respectively.

Seasonality

Our business may be affected by seasonality. Revenue fluctuations are common in the advertising industry and are primarily the result of fluctuations in advertising expenditure. Our past experience indicates that our revenue is typically lower in the first half of the year and higher in the second half of the year as a large proportion of advertising is concentrated on product/services launches, promotional campaigns prior to the holiday seasons in the summer holidays, National Day, Mid-Autumn Festival, New Year's Eve and Chinese Lunar Year.

Credit policy and payment terms

In general, we give our customers that use our offline advertising resources, and engage us for PR, marketing and other services credit terms ranging from 15 days to 180 days from the date of billing. Furthermore, whilst our customers that use our online advertising resources are generally required to settle their payment within 120 days from the publication of advertisements, we were generally required to make upfront payment to supplier of online advertising resources before the publication of advertisements. Payments by customers are made in RMB and by way of bank transfer. Our management monitors closely our credit exposure.

Service warranty

A "One mistake one replacement and one missing one or two replacements" warranty is often given to traditional offline media our customers. That is, if there is any wrong or mis-placement of advertisement, we shall grant our customers one or two free replacement(s) advertising space of the same value.

During the Track Record Period, we had not encountered any material claims or requests from customers. We receive the same warranty from our suppliers for any wrong or mis-placement of advertisement caused by them.

Overlapping of Customers and Suppliers

The following tables set out the breakdown of the total revenue and total cost of sales of our major suppliers, who were also our customers, or vice versa, during the Track Record Period:

FY2017

	Total revenue *(RMB'000)*	**% of total revenue**	**Total cost of sales** *(RMB'000)*	**% of total cost of sales**
Focus Media Group *(Note 1&3)*	3,546	2.5	25,244	22.6
KINGOLD Group *(Note 2)*	17,443	12.1	2,178	2.0

FY2018

	Total revenue *(RMB'000)*	% of total revenue	Total cost of sales *(RMB'000)*	% of total cost of sales
Focus Media Group *(Note 1&3)*	4,575	2.2	16,808	10.0
Shengshi Kaixuan *(Note 1)*	49	0.0	2,211	1.3
KINGOLD Group *(Note 2)*	19,904	9.5	2,421	1.4

1H2019

	Total revenue *(RMB'000)*	% of total revenue	Total cost of sales *(RMB'000)*	% of total cost of sales
Focus Media Group *(Note 1&3)*	1,790	2.4	6,893	11.9
KINGOLD Group *(Note 2)*	1,848	2.4	1,222	2.1

Notes:

1. During our normal and ordinary course of business, we procure advertising spaces from independent advertising agencies and vice versa, these independent advertising agencies procure advertising spaces from our Group for their customers.

2 During the Track Record Period, our Group provided advertising and marketing solution services to certain members of the KINGOLD Group. For the same period, we procured advertising spaces from Guangzhou KINGOLD and Asia-Pacific Club (connected persons of our Company).

3. During the Track Record Period, our Group also procured advertising spaces from Chizhong Advertising Co., Ltd.* (馳眾廣告有限公司), Focus Media Holding Ltd.* (分眾傳媒有限公司) and Ningbo Fen Shi Advertising Co., Ltd. (寧波分視廣告有限公司), subsidiaries of Focus Media Information Technology Co., Ltd.* (分眾傳媒信息技術股份有限公司) and provided advertising services to Chizhong Advertising Co., Ltd.* (馳眾廣告有限公司) and Focus Media Holding Ltd.* (分眾傳媒有限公司). The figures represented the aggregate amounts of aforesaid companies.

4. The supply transactions and sales transactions above are not related.

According to iResearch, it is not unusual for advertising companies to utilise exclusive advertising resources from each other and benefit from the cooperation. We have not entered into long-term agreement with Focus Media Group for the supply or procurement of our respective advertising resources. Given that Focus Media Group have advertising resources situated in other parts of China, other than Guangzhou, we would enter into agreement with Focus Media Group for the procurement of their advertising resources to satisfy the needs of our customers. On the other hand, Focus Media Group would enter into agreement with us for the use of our frame displays located in shopping malls and housing estates in Guangzhou, the PRC.

There is a reduced supply from Focus Media Group from approximately RMB25.2 million in FY2017 to approximately RMB16.8 million in FY2018 as a result of a reduced demand of elevator ads and video ads in supermarkets from one of our top five customers.

Long-term agreements

During the Track Record Period, we have signed two legally binding long-term framework agreements (with a term of more than one year and for the sum of more than RMB50 million). The principal terms of the agreements are set out below:

(1) First agreement

Parties:	Icon Media (one of our subsidiaries); and Liby Group
Contract period:	Three years (1 January 2017 to 31 December 2019)
Contract sum:	The total non-legally binding contract sum payable by Liby Group and its related parties, including Megahive would not be less than: (i) RMB70 million for FY2017; (ii) RMB80 million for FY2018; and (iii) RMB100 million for FY2019.
Scope of services:	Provision of integrated multimedia advertising and marketing solution services covering the whole of PRC
Payment terms:	To be agreed in individual agreements
Termination:	The contract shall be terminated automatically if any of the contract parties (i) does not perform its contractual rights or obligations due to its bankruptcy or liabilities, or (ii) fails to take remedial measures after being notified of a material breach of contract, such as a payment default or failure to deliver services. If any advertisement cannot be completed due to our loss or potential loss of permit or government approvals or disputes with our advertising agencies, any one contractual party may terminate the contract. We may also terminate the contract if a force majeure event stated in the contract occurs.
Total advertising revenue recognised during the Track Record Period:	Approximately RMB183.0 million, among which approximately RMB2.8 million was generated from our exclusive resources, Guangzhou South Railway Station.

Update status:	In late June 2019, our Group entered into a contract with the customer to commence provision of OOH advertising services in July 2019 at a contract sum of approximately RMB47.8 million. The contract period was renewed for three years (1 January 2020 to 31 December 2022) by a framework agreement entered into by our Group with Megahive, acting as the designated advertising agent of Liby Group, in September 2019 on similar terms at a total non-legally binding contract sum of RMB250 million.

(2) Second agreement

Parties:	Icon Media (one of our subsidiaries); and Mingrui Interactive
Contract period:	Three years (1 July 2018 to 30 June 2021)
Contract sum:	RMB50 million (an indicative amount which is not legally binding)
Scope of services:	Provision of integrated multimedia advertising and marketing solution including internet advertising, traditional media advertising, PR campaigns, design and production
Payment terms:	To be agreed in individual agreements
Total advertising sum of contracts with revenue recognised during the Track Record Period:	Approximately RMB34.6 million, all of which was generated from our non-exclusive resources
Total advertising revenue recognised during the Track Record Period:	Approximately RMB7.6 million, all of which was generated from our non-exclusive resources
Update status:	Subsequent to the Track Record Period and up to the Latest Practicable Date, our Group has entered into a contract with the customer for the provision of online advertising services at an aggregate contract sum of RMB16.9 million.

The negotiations with counterparties for the renewal of expiring long-term contracts usually begin 3 to 4 months before the expiry of the relevant contracts.

OUR SUPPLIERS

We engaged a wide range of suppliers during the Track Record Period. Our procurements with the suppliers include, among others, (i) advertising resources; (ii) marketing and promotional materials; and (iii) various production services such as content, stage design, visual effect display and etc.. During the Track Record Period, our top five suppliers supplied us with both traditional and online media advertising resources.

As at the Latest Practicable Date, we have over 240 suppliers in our approved list of suppliers. We generally select our suppliers from our approved list of suppliers based on the needs and marketing objectives of our customers. Our list of suppliers which contains our existing and potential suppliers are updated from time to time. Before we place our order with a supplier, we would take into account the following: (i) the nature and effectiveness of advertising resources available; (ii) the advertising rate and payment terms; (iii) the market reputation and proven track record of the suppliers; and (iv) the quality of services provided.

Our Directors confirm that, during the Track Record Period, save for the legal proceedings mentioned under the paragraph headed "— Legal proceedings" in this section, our Group (i) did not have any material dispute with our suppliers or receive any claim for compensation from our suppliers; (ii) were not in material breach of any agreement with the suppliers; and (iii) did not receive material claims or complaints from customers regarding the services or goods provided by our suppliers. During the Track Record Period, a majority of our payments to our suppliers were made within one month from the invoice date.

Our major suppliers

Our five largest suppliers accounted for approximately 51.1%, 48.4% and 68.1%, respectively, of our total cost of sales for FY2017, FY2018 and 1H2019. Our largest supplier accounted for approximately 22.6%, 22.5% and 39.0%, respectively, of our cost of sales for the same period. Most of our five largest suppliers have had less than two years of business relationship with us. In spite of our short period of business relationships with our major suppliers, we believe that we have mutually beneficial relationships with our suppliers on the following basis: (i) two of our top five suppliers during the Track Record Period were also our customers who procured integrated advertising and marketing solution services from us, for details, please refer to the paragraph headed "— Sales and marketing — Overlapping of customers and suppliers" in this section; (ii) we are the exclusive agent of advertising spaces for two of our top 5 suppliers; and (iii) given our proven track record and our customer base with reputable national enterprises, we are able to recommend to our customers to publish advertisements on our suppliers' advertising resources, which in turn help provide a steady stream of revenue for our suppliers. Even though our five largest suppliers accounted for a considerable portion of our cost of sales during the Track Record Period, they also rely on us to secure cooperation with our customers for the sale of their advertising resources. In order to adapt and respond timely and effectively to changes in the marketing objectives of our customers, we continue to diversify our supplier base by establishing relationships with other suppliers of advertising resources.

During the Track Record Period, none of our Group's five largest suppliers ceased or indicated that it would cease their supply to our Group, and our Group did not experience any material delay or interruption in securing advertising resources from our five largest suppliers or from other sources in the market.

The following table sets out our five largest suppliers based on our total cost of sales during the Track Record Period:

FY2017

Supplier	Advertising resources	Services provided	Approximate procurement (RMB'000)	% of our total cost of sales (%)	Year of commencement of business	Relationship with our Group
Focus Media Group	Non-exclusive	OOH advertising resources (Frame displays and LCD screens)	25,244	22.6	2016	Independent Third Party
Charm Media Co., Ltd.* (昌榮傳媒股份有限公司)	Non-exclusive	Television advertising resources	14,678	13.2	2017	Independent Third Party
Shengshi Kaixuan	Non-exclusive	OOH advertising resources (Metro televisions in Guangzhou Metro)	6,474	5.8	2016	Independent Third Party
Shanghai Shouheng Advertising Co., Ltd.* (上海守恒廣告有限公司)	Non-exclusive	OOH advertising resources (Lightboxes in metro systems and bus shelters)	5,774	5.2	2016	Independent Third Party
Guangzhou Tenghui Network Co. Ltd.* (廣州騰輝網絡有限公司)	Non-exclusive	Online advertising resources (Web portal)	4,793	4.3	2016	Independent Third Party
Total			56,963	51.1		

FY2018

Supplier	Advertising resources	Services provided	Approximate total cost of sales (RMB'000)	% of our total cost of sales (%)	Relationship since	Relationship with our Group
Hunan Tianyu Advertising Co., Ltd.* (湖南天娛廣告有限公司)	Non-exclusive	Television advertising resources	37,736	22.5	2018	Independent Third Party
Focus Media Group	Non-exclusive	OOH advertising resources (Frame displays and LCD screens)	16,808	10.0	2016	Independent Third Party
Tianjin Wenchuan Century Culture Communication Co., Ltd.* (天津文傳世紀文化傳播有限公司)	Non-exclusive	Television advertising resources	10,518	6.3	2017	Independent Third Party
Yangguang Jinxin (Beijing) Culture Media Co., Ltd.* (央廣金信(北京)文化傳媒有限公司)	Non-exclusive	Television advertising resources	9,245	5.5	2018	Independent Third Party
Beijing Airmedia Co., Ltd.* (北京文投航美傳媒有限公司)	Non-exclusive	OOH advertising resources (Advertising facilities in Beijing and Guangzhou airports)	6,800	4.1	2018	Independent Third Party
Total			81,107	48.4		

1H2019

Supplier	Advertising resources	Services provided	Approximate total cost of sales *(RMB'000)*	% of our total cost of sales *(%)*	Relationship since	Relationship with our Group
Hunan Legou Cultural Media Co., Ltd.* (湖南樂購文化傳媒有限公司)	Non-exclusive	OOH advertising resources (Advertising facilities in a large group of shopping malls with national coverage)	22,511	39.0	2019	Independent Third Party
Focus Media Group	Non-exclusive	OOH advertising resources (Frame displays and LCD screens)	6,893	11.9	2016	Independent Third Party
Zhongxintong	Exclusive	Online and OOH advertising resources (12306 journey reminder service and hanging lightboxes in Guangzhou South Railway Station)	4,159	7.2	2017	Independent Third Party
Supplier A	Exclusive	OOH advertising resources (advertising resources in Shenzhen Futian Transportation Hub)	3,648	6.3	2018	Independent Third Party
Shanghai Yuchi Advertising Co., Ltd. (上海譽馳廣告有限公司)	Non-exclusive	OOH advertising resources (Advertising resources in Guangzhou airport)	2,134	3.7	2018	Independent Third Party
Total			39,345	68.1		

Our Directors confirm that none of our Directors, their respective close associates or any Shareholder (who or which to the best knowledge of our Directors, owns more than 5% of our issued Shares as at the Latest Practicable Date), has or had any interest in any of our five largest suppliers for FY2017, FY2018 and 1H2019. Save for Focus Media Group and Shengshi Kaixuan, none of our top five suppliers was our customers during the Track Record Period. For details, please refer to the paragraph headed "— Sales and marketing — Overlapping of customers and suppliers" in this section.

MARKET COMPETITION

The advertising market of China is an integral market where the market landscape, competitiveness and barriers of entry in various regions are similar. While customer care and service depends much on face-to-face meetings, the ultimate delivery of advertising services is hardly restricted by geographical boundaries particularly with the increasing popularity of online advertising, which further blurs geographical boundaries in implementing marketing strategies, bringing revolutionary changes to the advertising industry. Customers in current advertising environment need advertising companies without boundaries i.e. companies with many specialisms, along with the ability to assemble them and evolve them fast according to customers needs. Therefore, local and regional players will generally compete with each other for business based on (i) advertiser and media resources; (ii) technical and data capabilities; (iii) content creation ability; and (iv) industry experience.

The marketing service market in the PRC is extremely decentralised according to iResearch Report. In 2018, the PRC's marketing service market was RMB482.2 billion, of which the top five marketing service providers accounted for approximately 15.1%, whilst the top 10 marketing service providers accounted for approximately 20.4%. Furthermore, the integrated marketing industry in the PRC is highly competitive and fragmented.

In addition, with the continued evolution of media resources and the changing behavior of consumers, it is expected that more customers will choose to or allocate their marketing budgets to market their brands, products and services through online media resources. For details, please refer to the section headed "Industry Overview" in this prospectus.

We compete primarily with entities carrying on business similar to ours in terms of media resources, price, strategic relationships with customers and suppliers, effectiveness of sales and marketing efforts, and quality of services. Our ability to offer integrated multimedia advertising and marketing solution services with resources in both traditional and online media platforms, and organise marketing events and campaigns, allow us to effectively compete in the integrated marketing industry in the PRC. We believe that we possess the competitive strengths as discussed in the paragraph headed "— Our competitive strengths" in this section above, and we will strive to capture growth opportunities in the market by implementing the strategies as set out in the paragraph headed "— Our business strategies and future plans" in this section.

INVENTORY

Due to the nature of our business, we did not maintain any inventory during the Track Record Period and we will not hold any inventory for future use. All materials we need for our services and products are procured from our suppliers as and when needed.

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, installation and execution. Our media operation team is responsible for the periodic monitoring and ensuring that the advertisements are executed in accordance with our customer's instructions. To continuously enhance the provision of our integrated multimedia advertising and marketing solution services, we regularly review our performance by collecting feedbacks from customers, suppliers, monitoring public responses for evaluation and marketing strategy formulation purposes.

Customers in certain industries, such as pharmaceuticals, medical machinery, pesticides, veterinary drugs and health food advertisements, are required to obtain certification and permits from governmental authorities approving the advertisements prior to the broadcasting. As part of our integrated services, we will request our customers to provide certification documents and permits issued by the relevant PRC authorities, and forward the same to our suppliers for further examination.

Employees

At the Latest Practicable Date, we had 43 full-time employees. They are all located in Guangzhou, the PRC. Breakdown of our full-time employees by function is as below:

Employees by function	Number of employees
Administration and human resources	2
Finance	5
Management$^{(1)}$	4
Media operation$^{(1)}$	23
Sales and marketing$^{(1)}$	7
Research and development	2
Total	43

Note (1): Employees in their respective function, in some occasion, would also participate in carrying out research and development activities.

To capture the growth of the online advertising, we have recruited additional employees who have the expertise in online advertising services. In addition, members of the senior management team had exerted efforts on the development of our online advertising services.

Employee training

We provide internal training and offer external training to our employees. Targeting different levels of employees, our internal training covers topics such as industry development, media data, media resources, sales techniques, internal control procedures, supplier management and control. For external training, they involve conferences, training seminars and annual meetings, organised by external consultants and associations.

INSURANCE

In accordance with the applicable PRC laws and regulations, we are required to register and make contributions to social insurance and housing provident fund for our employees.

We review our insurance policies from time to time and our Directors believe that our existing insurance coverage is adequate and in line with the prevailing industry practice, and that no claims have been made in respect of any of our Group's insurance policies during the Track Record Period and up to the Latest Practicable Date.

HEALTH, OCCUPATIONAL, SAFETY AND ENVIRONMENTAL MATTERS

Our business does not involve significant health, occupational, work safety and environmental matters. Our PRC Legal Advisers advised us that we had been compliance with the relevant laws and regulations that are applicable to our Group in all material respects during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

We have obtained key intellectual property and proprietary rights in connection with the operation of our business. As at the Latest Practicable Date, we had (i) 11 registered trademarks in the PRC; (ii) one registered trademark in Hong Kong; (iii) applied for one trademark in Hong Kong; (iv) registered 16 copyrights in the PRC; and (v) one domain name. We have not been involved in any litigation or legal proceedings for infringement of intellectual property rights, nor have we committed any material infringement of the same. Details of our intellectual property rights are set out in the section headed "Appendix IV. Statutory and General Information — B. Further information about the business of our Company — 2. Our intellectual property rights" in this prospectus.

INFORMATION SYSTEM

We have developed a multimedia resources management system. Based on the information gathered from third party research houses, our suppliers and customers, we would analyse, among others, consumers' behaviour, preferences and demands; consumers' responses to different media platforms; types of consumers at various media platforms (including demographics, personal interests and shopping orientation); and the effectiveness of advertising strategies. The development and implementation of the system allowed us to further improve informational organisation, enhanced communications with our customers, create greater efficiency among our team members, and improved our analytical data and reporting. Going forward, we strive to further develop the system to augment our capability to obtain and analyse market intelligence, and to provide effective advertising services to customers across multiple media platforms.

PROPERTIES

As at the Latest Practicable Date, we do not own any real properties and our Group has leased a gross floor area of 643.6 sq.m. at 29 Floor, Kingold Century, No. 62 Jinsui Road, Zhujiang New Town Tiane District, Guangzhou, 510623 China as our headquarters in the PRC from KINGOLD, for a term commencing from 1 August 2017 and ending on 31 December 2021 (both days inclusive). Please refer to the section headed "Continuing Connected Transactions — Continuing connected transactions fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements — Tenancy agreement with KINGOLD" in this paragraph for details of such lease agreement.

INTERNAL CONTROL

To safeguard the interests of our Shareholders and our Group, we have maintained an internal control system covering corporate governance, risk management, quality control and financial reporting. To ensure continuous compliance of all applicable laws and regulations, our Group has taken and will take the following measures:

(a) We appointed an external internal control adviser to review our internal controls in connection with the work scope and procedures agreed with us and the Sponsor. The external internal control adviser provided recommendations on the internal control improvement identified, and we have adopted the policies and measures as recommended by our external internal control adviser;

(b) Our Board will review the adequacy and effectiveness of our internal control on an annual basis to ensure compliance with applicable laws and regulations and will ensure that on-going improvements will be made to the internal control system;

(c) our Directors attended training sessions conducted by the Hong Kong legal advisers of our Company on 31 May 2019 on on-going obligations and duties of directors of a listed company, including among others, sessions on connected transactions, codes of corporate governance, dealing in securities, disclosure of inside information and notifiable transactions;

(d) an audit committee has been established to review the internal control system and procedures for compliance with the requirements of the GEM Listing Rules; and

(e) we have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the GEM Listing Rules and all other applicable laws, rules, codes and guidelines and to advise on compliance matters in accordance with the GEM Listing Rules.

CORPORATE GOVERNANCE

We strive to strengthen the role of our Board as a body responsible for decision making concerning our fundamental policies and procedures. To monitor the ongoing implementation of our corporate governance measures, we have adopted or intend to adopt, among others, the following:

(a) the establishment of an audit committee, remuneration committee and nomination committee with respective written terms of reference in accordance with the GEM Listing Rules. Please refer to the section headed "Directors and Senior Management — 6. Board committee" in this prospectus for details;

(b) the appointment of Ms. Liang as our compliance officer. The role of the compliance officer includes, (1) advising on the implementation of procedures to ensure that our Group complies with the GEM Listing Rules and other relevant laws and regulations applicable to our Group; (2) monitoring of our internal control system; and (3) responding promptly to enquiries directed at her by the Stock Exchange. For Ms. Liang's biographical details, please refer to the section headed "Directors and Senior Management" in this prospectus;

(c) the appointment of Mr. Kwok Siu Man and Ms. Li Zhiyan as our joint company secretaries. They will act as the principal channel of communication between members of our Group and our Company in relation to legal, regulatory and financial compliance matters, as well as overseeing the implementation of internal control procedures in general. For their biographical details, please refer to the section headed "Directors and Senior Management" in this prospectus;

(d) the appointment of Innovax Capital Limited as our compliance adviser upon the Listing to advise us on compliance with the GEM Listing Rules in accordance with Rule 6A.19 of the GEM Listing Rules;

(e) the engagement of external legal advisers to (i) advise us on compliance with the GEM Listing Rules and the relevant laws and regulations that are applicable to our Group; and (ii) provide ongoing training to our staff on latest developments of the laws and regulations relating to our business operation and industry; and

(f) our executive Directors will be involved to handle feedbacks received from our customers, suppliers, and/or any third parties. Such that all feedbacks can be handled in a timely manner and we can continuously provide high quality services and deliver integrated multimedia advertising and marketing solutions to the satisfaction of our customers.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in one legal proceeding (the "**Proceeding**") in respect of a dispute relating to an arrangement (the "**Arrangement**") between one of our suppliers (the "**Plaintiff**") and Icon Media, pursuant to which the Plaintiff intended to provide TV advertising platform in certain metro trains and stations in Shanghai to Icon Media. Up to the Latest Practicable Date, no written agreement has been signed between the parties in relation to the Arrangement.

With respect to the Proceeding, the Plaintiff initiated a claim in December 2017 against Icon Media for alleged outstanding advertising fees payable by Icon Media for the period between January 2017 and May 2017 and damages for breach of contract in the total amount of RMB7,342,420 (inclusive of interest). The Plaintiff also obtained an injunction order to freeze the bank deposits of Icon Media and as at the Latest Practicable Date, an amount of RMB7,342,420 remained frozen until further determination by the court. Icon Media argued that the reason for non-payment was because certain major terms of the Arrangement were still being negotiated between the parties, including the payment amount and service period. It was thus difficult for Icon Media to make payment to the Plaintiff when such terms were not yet agreed upon. It was nevertheless held by Shenzhen Futian People's Court (深圳市福田區人民法院) (the "**Court of First Instance**") that despite no formal contract was signed, given the Plaintiff had partially provided certain services under the Arrangement, to which Icon Media had knowledge about and did not raise any objection, the Plaintiff should be entitled to payment in respect of such services.

According to the judgment of the Court of First Instance on 6 June 2018, Icon Media was ordered to pay (a) approximately RMB1.44 million representing the advertising fees plus relevant interest, (b) RMB160,000 as damages for breach of contract, and (c) approximately RMB19,000 representing the legal costs of the Proceeding. On 20 September 2018, the Plaintiff filed an appeal (the "**Appeal**") with Shenzhen Intermediate People's Court* (深圳市中級人民法院) (the "**Appellate Court**") which was heard on 5 June 2019. At the Appeal, the Plaintiff relied on certain new evidence (the "**New Evidence**") claiming Icon Media liable for unrealised revenue which the Plaintiff would have made from the contract entered into between the Plaintiff and its customer from January 2017 to February 2018. The New Evidence comprised (i) purchase orders of the advertising services deployed from the Plaintiff's customer in 2016 and 2017; (ii) advertising deployment agreement and metro television media advertising deployment agreement entered into between the Plaintiff and its supplier in 2016; and (iii) the television advertisement (Shanghai Metro) monitoring report for the period between June 2017 and August 2017. It is expected that the admissibility of the New Evidence would be decided by the

Appellate Court upon delivery of its judgment. As at the Latest Practicable Date, the judgement was yet to be issued by the Appellate Court after the hearing on the Appeal. Investors should be aware that the outcome of the case would depend on the judgement of the Appellate Court.

Hylands Law Firm, our legal counsel in respect of the Proceeding for Icon Media, is of the strong view that (i) the New Evidence should not be admissible as it was not submitted within the prescribed time and incompliant with the rules of evidence under the Civil Procedure Law of the PRC* (民事訴訟法); (ii) the New Evidence was unable to substantiate the Plaintiff's claim and should not alter the outcome of the Proceedings; and (iii) the Court of First Instance had already made a clear adjudication on the facts and laws, it is probable that the Appellate Court would uphold the judgement of the Court of First Instance. In any event, we have made provisions for the full amount of claim expected to be paid by us at approximately RMB1.7 million.

Save as disclosed above, as of the Latest Practicable Date, none of the members of our Group was engaged in any litigation, arbitration or claim of material importance, and our Directors were not aware of any pending or threatened litigation, arbitration or claim of material importance against our Group which, in the opinion of our Directors, would have a material adverse effect on our financial condition or results of operations.

LEGAL COMPLIANCE

Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, we had complied with all the relevant PRC laws and regulations in all material respects. Our Group did not experience any non-compliance which, in the opinion of our Directors, is likely to have a material adverse effect on our business, financial condition or results of operations.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately after the completion of the Share Offer and the Capitalisation Issue (taking no account of our Shares which may be issued pursuant to the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme), our Company will be owned by Shining Icon, Master Connection, Focus Wonder and Sense One as to 38.7%, 7.5%, 18.75% and 10.05%, respectively. Shining Icon, Master Connection, Focus Wonder and Sense One are wholly owned by Mr. Chow, Mr. Lau, Ms. Cai and Mr. Chow, respectively.

As (1) Shining Icon and Sense One are directly and wholly owned by Mr. Chow; (2) Shining Icon and Sense One are entitled to exercise in an aggregate of 30% or more of the voting power at general meetings of our Company; and (3) Mr. Chow is entitled to, through Shining Icon and Sense One, control the exercise of 30% or more of the voting power at general meetings of our Company, Shining Icon, Sense One and Mr. Chow will together be interested in approximately 48.75% of the share capital of our Company and therefore will be regarded as our Controlling Shareholders within the meaning of the GEM Listing Rules.

RULE 11.04 OF THE GEM LISTING RULES

As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors nor any of their respective associates were engaged in any business that, directly or indirectly, competes or may compete with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

NON-COMPETITION UNDERTAKINGS FROM OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders (each a "**Covenantor**" and collectively, the "**Covenantors**") entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee for each of our subsidiaries), under which each of the Covenantors has jointly and severally, irrevocably and unconditionally, undertakes to and covenants with our Company (for ourselves and as trustee for each of our subsidiaries) that:

(a) he/it shall not, and shall procure each of his/its close associates and/or companies controlled by him/it (excluding any member of our Group) not to, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as an investor, a shareholder, partner, principal, agent, director, employee, consultant or otherwise and whether for profit, reward, interest or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such services and/or products and/or in which any member of our Group carries on business from time to time;

(b) if he/it and/or any of his/its close associates and/or companies controlled by him/it (excluding any member of our Group) is offered or becomes aware of any project or new business opportunity (the "**New Business Opportunity**") that relates to any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of integrated multimedia advertising and marketing solution services) in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such services and/or products and/or in which any member of our Group carries on business from time to time, whether directly or indirectly, he/it shall give our Group a first right of refusal to participate or engage in such New Business Opportunity by: (i) promptly within ten (10) Business Days notify or procure the relevant close associate and/or the companies controlled by him/it to notify our Group in writing of such New Business Opportunity and provide such information as is reasonably required by our Group in order to enable our Group to come to an informed assessment of such New Business Opportunity; and (ii) use his/its best endeavours to procure that such New Business Opportunity is offered to our Group on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its close associates and/or companies controlled by him/it;

(c) he/it shall provide our Group and our Directors (including our independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our independent non-executive Directors from time to time, for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in terms of the Deed of Non-competition;

(d) (i) he/it will not and will procure that none of his/its close associates and/or companies controlled by him/it (excluding any member of our Group) will solicit or entice away from any member of our Group any existing or then existing directors, employees, customers or suppliers of any member of our Group; and

(ii) he/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/its knowledge in his/its capacity as the Controlling Shareholder of our Company for any purposes.

The non-competition undertaking will take effect from the date on which dealings in the Shares first commence on the Stock Exchange and will cease to have any effect upon the earliest of the date on which (a) (i) such Covenantor, his/its close associates and parties acting in concert with him/it, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as a Controlling Shareholder and do not have power to control our Board; and (ii) Mr. Chow ceases to be a Director; or (b) our Shares cease to be listed and traded on the Stock Exchange or other recognised stock exchange.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that our Group will be able to carry on our business independently from our Controlling Shareholders and their associates after the Listing for the following reasons:

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises five executive Directors and three independent non-executive Directors. We consider that our Board will function independently from our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions; and

(c) our board comprises eight Directors and three of them are independent non-executive Directors, which represents no less than one-third of the members of the Board. This is in line with the GEM Listing Rules.

Our Group has adopted certain corporate governance measures for conflict situation in order to safeguard the interests of our Shareholders as a whole, details of which are set out in the paragraph headed "— Corporate governance measures" in this section.

Moreover, the senior management of our Group are independent of the Controlling Shareholders and their associates. Taking into consideration the reasons set out above, we believe our Directors and senior management will be able to perform their roles in our Company independently and our Company is capable of managing its business independently from our Controlling Shareholders after the completion of the Share Offer.

Financial independence

Our Group has its own internal control, independent accounting and financial management system and our Group makes financial decisions according to its own business needs. As at the Latest Practicable Date, there was no financial assistance, loans or advances due to the Controlling Shareholders and their associates by our Group.

We have sufficient capital to operate our business independently and have adequate internal resources to support our daily operations. Our Directors are of the view that our Group is not financially dependent on our Controlling Shareholders or their respective close associates in our Group's business operations and we are able to obtain external financing on market terms and conditions for our business operations as and when required.

Operational independence

Our Group has established its own independent organisational structure comprised of separate individual departments, each with specific areas of responsibilities. Our Group has its own independent management team and staff to handle the day-to-day operations, including operational management and execution, finance and account, administration and human resources functions. During the Track Record Period, our Group was operationally and administratively independent of the Controlling Shareholders and their respective associates as our Group has its own operational and administrative personnel and do not share any operational resources with our Controlling Shareholders and/or their respective associates.

Save as disclosed in the section headed "Continuing Connected Transactions" in this prospectus, our Group does not currently have any intention to enter into any other transactions with our Controlling Shareholders and their associates and, if such event happens in the future, the continuing connected transactions will be conducted in compliance with the GEM Listing Rules. Though there will be certain continuing connected transactions between our Group and the associates of one of our Controlling Shareholders after Listing, the transactions are entered into in the ordinary and usual course of business of our Group on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Based on the above, our Directors are of the view that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the significance of good corporate governance to protect the interest of our Shareholders. We would adopt the following corporate governance measures to manage latent conflict of interests between our Group and the Controlling Shareholders:

(a) our independent non-executive Directors will review, on a quarterly basis, the Deed of Non-competition to ensure (i) compliance with the non-compete undertaking by our Controlling Shareholders; and (ii) all the decisions taken in relation to whether to pursue the New Business Opportunity under the Deed of Non-competition;

(b) our Company will disclose any decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition either through our annual reports or by way of announcement;

(c) our Company will disclose in the corporate governance report of our annual report on how the terms of the Deed of Non-competition have been complied with and enforced;

(d) any transaction between (or proposed to be made between) our Company and the connected persons will be required to comply with the Chapter 20 of the GEM Listing Rules, including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the GEM Listing Rules;

(e) in the event that any of our Directors and/or their respective close associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Deed of Non-competition, he/she may not vote on the resolution of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association;

(f) where a Shareholders' meeting is held for a proposed transaction in which the Controlling Shareholders have a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(g) where a Board meeting is held for issues in which a Director has material interest in relation of which a conflict or potential conflict of interest with our Group may emerge, the Director must make full disclosure regarding such issues to our Board, and such Director shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(h) we are committed to ensuring that the Board has a balanced composition of executive and non-executive Directors including independent non-executive Directors to ensure that there is a strong independent element on our Board, which can efficaciously exercise independent judgment and will be able to deliver neutral and professional advice to safeguard the interest of the minority Shareholders;

(i) pursuant to the Corporate Governance Code in accordance with Appendix 15 to the GEM Listing Rules, our Directors including the independent non-executive Directors, will be able to obtain independent professional advice from external parties in suitable circumstances at our Group's cost;

(j) any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 20 of the GEM Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the GEM Listing Rules; and

(k) our Group has appointed Innovax Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various 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 their associates and our Group and to protect the interests of our Shareholders, in particular, the minority shareholders.

OVERVIEW

We have entered into the following transactions with parties who will, upon Listing, become our connected person (as defined under Chapter 20 of the GEM Listing Rules), and such transactions are expected to continue after the Listing Date. As such, upon Listing, these transactions will constitute continuing connected transactions of our Company under Chapter 20 of the GEM Listing Rules.

RELATIONSHIP BETWEEN OUR GROUP AND THE CONNECTED PERSONS

KINGOLD Group

KINGOLD, a limited liability company established under the laws of the PRC, is a majority-controlled company indirectly held by Mr. Chau, father of Mr. Chow who is our Controlling Shareholder, executive Director and Chairman of our Board. As such, each of the members of KINGOLD Group will become an associate of Mr. Chow and thus a connected person of our Company under Chapter 20 of the GEM Listing Rules upon Listing. Mr. Chow is also one of the directors of KINGOLD.

Guangzhou KINGOLD

Guangzhou KINGOLD is a subsidiary of KINGOLD. As such, Guangzhou KINGOLD will become an associate of Mr. Chow and thus a connected person of our Company under Chapter 20 of the GEM Listing Rules upon Listing. Mr. Chow is also one of the directors of Guangzhou KINGOLD.

Guangzhou Asia-Pacific International Club* (廣州亞太國際俱樂部) ("Asia-Pacific Club")

Asia-Pacific Club, a limited liability company established under the laws of the PRC, is a majority-controlled company indirectly held by Mr. Chau, father of Mr. Chow who is our Controlling Shareholder, executive Director and Chairman of our Board. As such, Asia-Pacific Club will become an associate of Mr. Chow and thus a connected person of our Company under Chapter 20 of the GEM Listing Rules upon Listing.

Guangdong Chaohuang Restaurant Co., Ltd.* (廣東潮皇食府有限公司) ("Chaohuang Restaurant")

Chaohuang Restaurant, a limited liability company established under the laws of the PRC, is a majority-controlled company indirectly held by Mr. Chau, father of Mr. Chow who is our Controlling Shareholder, executive Director and Chairman of our Board. As such, Chaohuang Restaurant will become an associate of Mr. Chow and thus a connected person of our Company under Chapter 20 of the GEM Listing Rules upon Listing. Mr. Chow is also one of the directors of Chaohuang Restaurant.

CONTINUING CONNECTED TRANSACTIONS FULLY EXEMPT FROM THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Tenancy Agreement with KINGOLD

(a) Background of the transaction

During the Track Record Period, we leased our office premises located at 29/F, Kingold Century, No.62 Jinsui Road, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, PRC (the "**Premises**") from KINGOLD and we intend to continue leasing the Premises upon Listing.

On 31 July 2017, Icon Media (as the tenant) and KINGOLD (as the landlord) entered into a tenancy agreement (the "**Tenancy Agreement**") which was amended and renewed on 19 November 2019, pursuant to which KINGOLD agrees to lease certain portions of the Premises with an aggregate floor area of approximately 643.60 square meters to Icon Media for use as office. The term of the Tenancy Agreement ends on 31 December 2021. The rental payable by Icon Media under the Tenancy Agreement is RMB64,360 per month (exclusive of utility and other property related miscellaneous expenses) from 1 August 2017 to 30 September 2020, subject to a 5% increment for each 12-month period commencing from 1 October 2020.

(b) Reasons for the transaction

Our Group has leased the Premises as our office premises since 2017. As the Premises has been known to our business partners, we will continue to lease the Premises as our office, which we believe is in the interests of our Company and our Shareholders as a whole in terms of cost, time and operational stability. Our Directors considered that the Tenancy Agreement was entered into in the ordinary and usual course of our Group's business after arm's length negotiation, and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

(c) Pricing

The monthly rental under the Tenancy Agreement was determined after arm's length negotiations between the parties with reference to the prevailing market rates, namely the rental payable for similar properties to be leased from Independent Third Parties at similar location.

(d) Historical transaction amounts

The aggregate amount of rental charged from KINGOLD to our Company for the rental of the Premises for FY2017, FY2018 and 1H2019 were approximately RMB424,000, RMB800,000 and RMB401,000, respectively.

(e) Annual caps

It is proposed that the annual cap for the rental payable under the Tenancy Agreement for each of the three years ending 31 December 2022 will not exceed RMB850,000. The above annual cap was calculated based on the rental currently payable by Icon Media to KINGOLD under the Tenancy Agreement and variations in market rental rates in the future.

(f) Implications under the GEM Listing Rules

As all of the relevant applicable ratios of the transactions contemplated under the Tenancy Agreement for the years ending 31 December 2020, 2021 and 2022, on an annual basis, is less than 5% and the total consideration is less than HK$3,000,000, upon Listing, the transactions under the Tenancy Agreement constitute de minimis continuing connected transactions under Rule 20.74(1)(c) of the GEM Listing Rules and would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

2. Management Agreement with Guangzhou KINGOLD

(a) Background of the transaction

During the Track Record Period, we engaged Guangzhou KINGOLD to provide management services to the Premises. It is expected that Guangzhou KINGOLD will, after the Listing, continue to provide such services to our Group.

On 1 October 2017, Icon Media and Guangzhou KINGOLD entered into a management agreement (the "**Management Agreement**") which was amended and renewed on 19 November 2019, pursuant to which Guangzhou KINGOLD agrees to provide management services including security services, office and parking areas management services and maintenance services to the Premises. The term of the Management Agreement commences on 1 October 2017 and ends on 31 December 2021. The management fees payable by Icon Media under the Management Agreement is RMB22,526 per month.

(b) Reasons for the transaction

As Guangzhou KINGOLD has been the designated property management service provider in respect of the Premises, it is expected that Guangzhou KINGOLD will continue to provide property management services to our Group after the Listing so long as we are leasing the Premises under the Tenancy Agreement. Our Directors considered that the Management Agreement was entered into in the ordinary and usual course of our Group's business after arm's length negotiation, and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

(c) Pricing

The monthly management fees under the Management Agreement was determined after arm's length negotiations between the parties with reference to the prevailing market rates, namely the management fees payable for similar properties to be managed by Independent Third Parties at similar location.

(d) Historical transaction amounts

The aggregate amount of management fees charged from Guangzhou KINGOLD to our Company for the management of the Premises for FY2017, FY2018 and 1H2019 were approximately RMB129,000, RMB268,000 and RMB133,000, respectively.

(e) Annual caps

It is proposed that the annual cap for the management fees payable under the Management Agreement for each of the three years ending 31 December 2022 will not exceed RMB280,000. The above annual cap was calculated based on the management fees currently payable by Icon Media to Guangzhou KINGOLD under the Management Agreement.

(f) Implications under the GEM Listing Rules

As all of the relevant applicable ratios of the transactions contemplated under the Management Agreement for the years ending 31 December 2020, 2021 and 2022, on an annual basis, are less than 5% and the total consideration is less than HK$3,000,000. Therefore, upon Listing, the transactions under the Management Agreement constitute de minimis continuing connected transactions under Rule 20.74(1)(c) of the GEM Listing Rules and would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

3. Provision of advertising spaces by Guangzhou KINGOLD to our Group

(a) Background of transaction

Guangzhou KINGOLD began to provide advertising spaces to our Group in December 2009 as part of our ordinary and usual course of business.

On 16 December 2019, we entered into an advertising spaces framework agreement (the "**Guangzhou KINGOLD Advertising Spaces Framework Agreement**") with Guangzhou KINGOLD for a term commencing from the Listing Date and ending on 31 December 2022 (subject to early termination pursuant to the terms of the KINGOLD Advertising Spaces Framework Agreement). Pursuant to the Guangzhou KINGOLD Advertising Spaces Framework Agreement, Guangzhou KINGOLD will provide our Group with platforms and spaces such as shopping malls, commercial buildings, housing estates and golf club owned by KINGOLD Group (the "**Advertising Spaces**") for us to provide advertising services to our customers.

The Guangzhou KINGOLD Advertising Spaces Framework Agreement is a framework agreement which provides the mechanism for the provision of the Advertising Spaces described therein. Separate agreements will be entered into between both parties to provide for the terms and conditions of the specific transactions in accordance with the principal terms set out in the Guangzhou KINGOLD Advertising Spaces Framework Agreement.

(b) Reasons for the transaction

In the past and during the Track Record Period, Guangzhou KINGOLD has been providing various advertising platforms to our Group on a regular basis. This has enabled us to provide our customers with available and satisfactory platforms and resources which in turn enhanced our advertising services for our customers. The provision of the Advertising Spaces is expected to continue after the Listing.

(c) Pricing

The fees payable in respect of the provision of the Advertising Spaces under the Guangzhou KINGOLD Advertising Spaces Framework Agreement will be negotiated on an arm's length basis between Guangzhou KINGOLD and our Group having regard to the scope, quantity, specifications and/or other conditions of the provision of the Advertising Spaces to be provided on the basis of (a) the fees charged by Guangzhou KINGOLD for providing the same or similar advertising spaces to Independent Third Parties; or (b) the fees charged by any Independent Third Party in the market providing the same or similar advertising spaces to other Independent Third Parties.

Before entering into any transactions in relation to the Guangzhou KINGOLD Advertising Spaces Framework Agreement, our Group will obtain quotes from at least two Independent Third Parties which provide the same or similar advertising spaces in the vicinity areas under general commercial terms. Our legal, sales and finance departments will review and compare the quotes from such Independent Third Parties with quotes from Guangzhou KINGOLD when determining advertising spaces providers so as to ensure that the price of the Advertising Spaces provided by Guangzhou KINGOLD to our Group is no higher than that provided by the Independent Third Parties to our Group. Such price of the Advertising Spaces provided by Guangzhou KINGOLD to our Group is therefore fair and reasonable, and is determined on normal commercial terms or on terms no less favourable to our Group than the terms available from Independent Third Parties.

Our Directors are of the view that the transactions with Guangzhou KINGOLD have been and will be entered into in the ordinary and usual course of our Group's business after arm's length negotiation, and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

(d) Historical transaction amounts

The aggregate amount of fees payable by our Group to Guangzhou KINGOLD in respect of the provision of Advertising Spaces for FY2017, FY2018 and 1H2019 amounted to approximately RMB2.2 million, RMB2.4 million and RMB1.2 million, respectively.

(e) Annual caps

Having taken into consideration the historical fees charged by Guangzhou KINGOLD to our Group, the proposed annual caps in relation to the provision of the Advertising Spaces under the Guangzhou KINGOLD Advertising Spaces Framework Agreement for each of the three years ending 31 December 2022 will not exceed RMB2.5 million.

(f) Basis of caps

The proposed annual caps are estimated based on the fees our Group is expected to pay for the use of advertising spaces, which primarily depends on (i) the number of service agreements that our Group expects to enter into with its existing customers; (ii) the number of service agreements that our Group expects to enter into with its new customers; and (iii) the historical transaction amount between Guangzhou KINGOLD and our Group and the expected scope of services required going forward.

(g) Implications under the GEM Listing Rules

As all of the relevant applicable ratios of the transactions for the years ending 31 December 2020, 2021 and 2022, on an annual basis, are less than 5% and the total consideration is less than HK$3,000,000, upon Listing, the transactions under Guangzhou KINGOLD Advertising Spaces Framework Agreement constitute de minimis continuing connected transactions under Rule 20.74(1)(c) of the GEM Listing Rules and would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

4. Provision of advertising spaces and materials by Asia-Pacific Club to our Group

(a) Background of transaction

Asia-Pacific Club began to provide advertising spaces and materials to our Group in January 2010 as part of our ordinary and usual course of business.

On 16 December 2019, we entered into an advertising spaces framework agreement (the "**Asia-Pacific Club Advertising Spaces Framework Agreement**") with Asia-Pacific Club for a term commencing from the Listing Date and ending on 31 December 2022 (subject to early termination pursuant to the terms of the Asia-Pacific Club Advertising Spaces Framework Agreement). Pursuant to the Asia-Pacific Club Advertising Spaces Framework Agreement, Asia-Pacific Club will provide our Group with platforms and spaces in the golf club owned by Asia-Pacific Club, as well as certain advertising materials (the "**Advertising Spaces and Materials**") to be used in the advertising campaigns and publicity activities for our customers.

The Asia-Pacific Club Advertising Spaces Framework Agreement is a framework agreement which provides the mechanism for the provision of the Advertising Spaces and Materials described therein. Separate agreements will be entered into between both parties to provide for the terms and conditions of the specific transactions in accordance with the principal terms set out in the Asia-Pacific Club Advertising Spaces Framework Agreement.

(b) Reasons for the transaction

In the past and during the Track Record Period, Asia-Pacific Club has been providing various advertising platforms and advertising materials on a regular basis. This has enabled us to provide our customers with available and satisfactory platforms and resources which in turn enhanced our advertising services for our customers. The provision of the Advertising Spaces and Materials is expected to continue after the Listing.

(c) Pricing

The fees payable in respect of the provision of the Advertising Spaces and Materials under the Asia-Pacific Club Advertising Spaces Framework Agreement will be negotiated on an arm's length basis between Asia-Pacific Club and our Group having regard to the scope, quantity, specifications and/or other conditions of the provision of the Advertising Spaces and Materials to be provided on the basis of (a) the fees charged by Asia-Pacific Club for providing the same or similar advertising spaces and materials to Independent Third Parties; (b) the fees charged by any Independent Third Party in the market providing the same or similar advertising spaces and materials to other Independent Third Parties; or (c) the fees determined with reference to industry standards or market practices of the market of the same or similar advertising spaces and materials.

Before entering into any transactions in relation to the Asia-Pacific Club Advertising Spaces Framework Agreement, our Group will obtain quotes from at least two Independent Third Parties which provide the same or similar advertising spaces and materials in the vicinity areas under general commercial terms. Our legal, sales and finance departments will review and compare the quotes from such Independent Third Parties with quotes from Asia-Pacific Club when determining advertising spaces and materials providers so as to ensure that the price of the Advertising Spaces and Materials provided by Asia-Pacific Club to our Group is no higher than that provided by Independent Third Parties to our Group. Such price of the Advertising Spaces and Materials provided by Asia-Pacific Club to our Group is therefore fair and reasonable, and is determined on normal commercial terms or on terms no less favourable to our Group than the terms available from Independent Third Parties.

Our Directors are of the view that the transactions with Asia-Pacific Club have been and will be entered into in the ordinary and usual course of our Group's business after arm's length negotiation, and the terms thereof are on normal commercial terms, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

(d) Historical transaction amounts

The aggregate amount of fees payable by our Group to Asia-Pacific Club in respect of the provision of Advertising Spaces and Materials for FY2017, FY2018 and 1H2019 amounted to approximately RMB66,000, RMB39,000 and RMB18,000, respectively.

(e) Annual caps

Having taken into consideration the historical fees charged by Asia-Pacific Club to our Group, the proposed annual caps in relation to the provision of the Advertising Spaces and Materials under the Asia-Pacific Club Advertising Spaces Framework Agreement for each of the three years ending 31 December 2022 will not exceed RMB50,000.

(f) Basis of caps

The proposed annual caps are estimated based on the fees our Group is expected to pay for the use of advertising spaces and materials, which primarily depends on (i) the number of service agreements that our Group expects to enter into with its existing customers; (ii) the number of service agreements that our Group expects to enter into with its new customers; and (iii) the historical transaction amount between Asia-Pacific Club and our Group and the expected scope of services required going forward.

(g) Implications under the GEM Listing Rules

As all of the relevant applicable ratios of the transactions for the years ending 31 December 2020, 2021 and 2022, on an annual basis, are less than 5% and the total consideration is less than HK$3,000,000, upon Listing, the transactions under Asia-Pacific Club Advertising Spaces Framework Agreement constitute de minimis continuing connected transactions under Rule 20.74(1)(c) of the GEM Listing Rules and would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Provision of advertising services by our Group to KINGOLD Group

(a) Background of transaction

Our Group has been providing media advertising services to KINGOLD Group as part of our usual course of business since December 2014 and throughout the Track Record Period. Our scope of services includes but not limited to, sourcing of advertising resources, placement of advertisements, strategic planning, graphic designs, news editorial and content advertorial in relation to brand promotion of hotels, restaurants, residential and commercial properties developed by KINGOLD Group. Such advertisements were placed on various online platforms such as web portals, social media and apps, namely Tencent Da Yue Wang (騰訊大粵網), Souhu Jiaodian (搜狐焦點), Wangyi Fangchan (網易房產), WeChat, Xiaohongshu (小紅書) and Baidu App; and media resources such as LCD flat-panel displays and frame displays located at elevators and lobbies in commercial buildings owned by independent third parties and shopping malls, commercial buildings and housing estates owned by KINGOLD Group.

On 16 December 2019, we entered into an advertising services framework agreement (the "**KINGOLD Group Advertising Services Framework Agreement**") with KINGOLD (for itself and on behalf of its subsidiaries) for a term commencing from the Listing Date and ending on 31 December 2022 (subject to early termination pursuant to the terms of the KINGOLD Group Advertising Services Framework Agreement). Pursuant to the KINGOLD Group Advertising Services Framework Agreement, our Group will provide multimedia advertising services, including but not limited to media advertising services, advertising materials production services and event organisation and planning services (the "**Advertising Services**") to KINGOLD Group.

The KINGOLD Group Advertising Services Framework Agreement is a framework agreement which provides the mechanism for the provision of the Advertising Services described therein. Separate agreements will be entered into between both parties to provide for the terms and conditions of the specific transactions in accordance with the principal terms set out in the KINGOLD Group Advertising Services Framework Agreement.

(b) Reasons for the transaction

Our Group and KINGOLD Group have a long-term stable relationship and the parties are mutually familiar with each other's business needs and requirements. Based on our previous experience in business dealing with KINGOLD Group, we believe our Group and KINGOLD Group are capable of effectively satisfying each other's demands for the relevant services in a stable and reliable manner. During the Track Record Period, the salient terms (including but not limited to, the scope and nature of the advertising services provided) of the advertising services provided to, and the advertising resources procured from, KINGOLD Group, for such advertisements, were comparable to those our Group offered to the Independent Third Parties. We consider that the provision of advertising services by our Group to KINGOLD Group have been in normal commercial terms that are commensurate with industry norms. Furthermore, as the Advertising Services will be provided by our Group to KINGOLD Group in the ordinary course of business on terms no less favourable to our Group than those offered to Independent Third Parties seeking similar services, the KINGOLD Group Advertising Services Framework Agreement is in line with the business operation and is in the interests of our Company and our Shareholders as a whole.

(c) Pricing

The fees payable in respect of the Advertising Services under the KINGOLD Group Advertising Services Framework Agreement will be negotiated on an arm's length basis between KINGOLD Group and our Group having regard to the scope and nature, locations, the estimated costs of advertising resources to be incurred by our Group for the provision of the Advertising Services, and/or other conditions of the Advertising Services to be provided on the basis of (a) the fees charged by our Group for providing the same or similar services to Independent Third Parties; (b) the fees charged by any Independent Third Party in the market providing the same or similar services to other Independent Third Parties; or (c) the fees determined with reference to industry standards or market practices of the market of the same or similar services.

Before entering into any transactions in relation to the KINGOLD Group Advertising Services Framework Agreement, our Group will take reference from the average prices at which same or similar advertising services are provided by our Group to at least two Independent Third Parties in the vicinity area. Our legal, sales and finance departments will review and compare the average prices provided to such Independent Third Parties with the prices offered to KINGOLD Group so as to ensure that the price of the Advertising Services provided by our Group to KINGOLD Group no lower than that provided to Independent Third Parties by our Group. Such price of the Advertising Services provided by our Group to KINGOLD Group is therefore fair and reasonable, and is determined on normal commercial terms or on terms no less favourable to KINGOLD Group than the terms available for Independent Third Parties.

The gross profit margins of the revenue received from the Advertising Services for FY2017, FY2018 and 1H2019 were comparable to the overall gross profit margins of our Group for the respective periods.

(d) Historical transaction amounts

The aggregate amount of service fees payable by KINGOLD Group to our Group in respect of the provision of the Advertising Services for FY2017, FY2018 and 1H2019 amounted to approximately RMB17.4 million, RMB19.9 million and RMB1.8 million, respectively. For FY2017, FY2018 and 1H2019, the revenue received from the advertisements placed by our Group for KINGOLD Group at KINGOLD Group's premises amounted to approximately nil, RMB0.4 million and nil, respectively.

(e) Annual caps

Having taken into consideration the historical service fees charged by our Group to KINGOLD Group, the proposed annual caps in relation to the provision of the Advertising Services under the KINGOLD Group Advertising Services Framework Agreement for each of the three years ending 31 December 2022 will not exceed RMB22 million. The main reason for the significant decrease in service fees payable by KINGOLD Group for 1H2019 was due to the fact that the majority of revenues from KINGOLD Group in FY2017 and FY2018 were generated from the advertising of certain commercial and residential properties developed by KINGOLD Group. In FY2019, however, there were no new commercial and residential property projects of KINGOLD Group which required our advertising services. Our Directors believe that such fluctuations in the amount of our services provided to KINGOLD Group were incidental to KINGOLD Group's varying business needs from time to time, such as the development stages of its property projects. Having taken into account the total amount of services fees in aggregate for FY2017 and FY2018 and the extent of growth thereof, we believe that the amount of such annual cap is fair and reasonable.

(f) Basis of caps

The proposed annual caps are estimated based on the fees our Group is expected to charge for the provision of advertising services, which primarily depends on (i) the historical transaction amount for such services between KINGOLD Group and our Group; (ii) the expansion in the scope of advertising services provided to KINGOLD Group; and (iii) the expected growth of the costs involved in the advertising business of our Group.

2. Provision of advertising services by our Group to Chaohuang Restaurant

(a) Background of transaction

We began to provide multimedia advertising services to Chaohuang Restaurant in August 2013 as part of our ordinary and usual course of business.

On 16 December 2019, we entered into an advertising services framework agreement (the "**Chaohuang Restaurant Advertising Services Framework Agreement**") with Chaohuang Restaurant for a term commencing from the Listing Date and ending on 31 December 2022 (subject to early termination pursuant to the terms of the Chaohuang Restaurant Advertising Services Framework Agreement). Pursuant to the Chaohuang Restaurant Advertising Services Framework Agreement, our Group will provide multimedia advertising services, including but not limited to media advertising services, advertising materials production services and event organisation and planning services (the "**Advertising Services**") to Chaohuang Restaurant.

The Chaohuang Restaurant Advertising Services Framework Agreement is a framework agreement which provides the mechanism for the provision of the Advertising Services described therein. Separate agreements will be entered into between both parties to provide for the terms and conditions of the specific transactions in accordance with the principal terms set out in the Chaohuang Restaurant Advertising Services Framework Agreement.

(b) Reasons for the transaction

Based on our amicable experience in dealing with Chaohuang Restaurant, we believe it is in the interest of our Group to continue maintaining active business relationship with Chaohuang Restaurant after the Listing. Furthermore, as the Advertising Services will be provided by our Group to Chaohuang Restaurant in the ordinary course of business on terms no less favourable to our Group than those offered to Independent Third Parties seeking similar services, the Chaohuang Restaurant Advertising Services Framework Agreement is in line with the business operation and is in the interests of our Company and our Shareholders as a whole.

(c) Pricing

The fees payable in respect of the Advertising Services under the Chaohuang Restaurant Advertising Services Framework Agreement will be negotiated on an arm's length basis between Chaohuang Restaurant and our Group having regard to the scope, locations and/or other conditions of the Advertising Services to be provided on the basis of (a) the fees charged by our Group for providing the same or similar services to Independent Third Parties; (b) the fees charged by any Independent Third Party in the market providing the same or similar services to other Independent Third Parties; or (c) the fees determined with reference to industry standards or market practices of the market of the same or similar services.

Before entering into any transactions in relation to the Chauhuang Restaurant Advertising Services Framework Agreement, our Group will take reference from the average prices at which same or similar advertising services are provided by our Group to at least two Independent Third Parties in the vicinity area. Our legal, sales and finance departments will review and compare the average prices provided to such Independent Third Parties with the prices offered to Chauhuang Restaurant so as to ensure that the price of the Advertising Services provided by our Group to Chauhuang Restaurant is no lower than that provided to Independent Third Parties by our Group. Such price of the Advertising Services provided by our Group to Chauhuang Restaurant is therefore fair and reasonable, and is determined on normal commercial terms or on terms no less favourable to Chauhuang Restaurant than the terms available for Independent Third Parties.

(d) Historical transaction amounts

The aggregate amount of service fees payable by Chaohuang Restaurant to our Group in respect of the provision of the Advertising Services for FY2017, FY2018 and 1H2019 amounted to approximately nil, RMB93,000 and nil, respectively.

(e) Annual caps

Having taken into consideration the historical service fees charged by our Group to Chaohuang Restaurant, the proposed annual caps in relation to the provision of the Advertising Services under the Chaohuang Restaurant Advertising Services Framework Agreement for each of the three years ending 31 December 2022 will not exceed RMB200,000.

(f) Basis of caps

The proposed annual caps are estimated based on the fees our Group is expected to charge for the provision of advertising services, which primarily depends on (i) the historical transaction amount for such services between Chaohuang Restaurant and our Group; (ii) the expansion in the scope of advertising services provided to Chaohuang Restaurant; and (iii) the expected growth of the costs involved in the advertising business of our Group.

AGGREGATION OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 20.79 of the GEM Listing Rules, the Stock Exchange may aggregate a series of connected transactions as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Further, under Rule 20.80 of the GEM Listing Rules, in determining whether connected transactions will be aggregated, the Stock Exchange will take into account whether the connected transactions were entered into by an issuer with the same party or with parties connected or otherwise associated with one another:

(a) Aggregation of the Tenancy Agreement and the Management Agreement

The transactions contemplated under each of the Tenancy Agreement and the Management Agreement have been aggregated (collectively, the "**Aggregated Property Agreements**") in that their subject matters are the same and the counterparties to the Aggregated Property Agreements are connected or otherwise associated with one another.

The following table summarises the historical transaction amounts and the proposed annual cap of the Aggregated Property Agreements after the Listing:

	Historical figures			Annual caps		
	Year ended 31 December		Six months ended 30 June	Year ended 31 December		
Transaction	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
1. Tenancy Agreement	424	800	401	850	850	850
2. Management Agreement	129	268	133	280	280	280
Total:	553	1,068	534	1,130	1,130	1,130

As the aggregate annual caps in respect of the Aggregated Property Agreements for the years ending 31 December 2020, 2021 and 2022 are less than HK$3,000,000, and all of its relevant applicable ratios are less than 5%. Therefore, upon Listing, the transactions contemplated under the Aggregated Property Agreements would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

(b) Aggregation of the Guangzhou KINGOLD Advertising Spaces Framework Agreement and the Asia-Pacific Club Advertising Spaces Framework Agreement

The transactions contemplated under each of Guangzhou KINGOLD Advertising Spaces Framework Agreement and the Asia-Pacific Club Advertising Spaces Framework Agreement have been aggregated (collectively, the "**Aggregated Advertising Spaces Agreements**") in that the nature of the transactions are similar and the counterparties to the Aggregated Advertising Spaces Agreements are connected or otherwise associated with one another.

The following table summarises the historical transaction amounts and the proposed annual cap of the Aggregated Advertising Spaces Agreements after the Listing:

	Historical figures			Annual caps		
	Year ended 31 December		Six months ended 30 June	Year ended 31 December		
Transaction	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
1. Guangzhou KINGOLD Advertising Spaces Framework Agreement	2,178	2,421	1,222	2,500	2,500	2,500
2. Asia-Pacific Club Advertising Spaces Framework Agreement	66	39	18	50	50	50
Total:	2,244	2,460	1,240	2,550	2,550	2,550

As the aggregate annual caps in respect of the Aggregated Advertising Spaces Agreements for the years ending 31 December 2020, 2021 and 2022 are less than HK$3,000,000, and all of its relevant applicable ratios are less than 5%. Therefore, upon Listing, the transactions contemplated under the Aggregated Advertising Spaces Agreements would be exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

(c) Aggregation of non-exempt continuing connected transactions

In light of Rules 20.79 and 20.80 of the GEM Listing Rules, the transactions contemplated under each of the KINGOLD Group Advertising Services Framework Agreement and the Chaohuang Restaurant Advertising Services Framework Agreement (collectively, the "**Aggregated Non-Exempt Continuing Connected Transactions**") have been aggregated given the nature of the transactions are related and the counterparties to the Aggregated Non-Exempt Continuing Connected Transactions are connected or otherwise associated with one another.

The following table summarises the historical transaction amounts and the proposed annual cap of the Aggregated Non-Exempt Continuing Connected Transactions between our Group and the connected persons of our Company after the Listing:

	Historical figures					
	Year ended 31 December		Six months ended 30 June	Annual caps Year ending 31 December		
Transaction	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
1. KINGOLD Group Advertising Services Framework Agreement	17,443	19,904	1,848	22,000	22,000	22,000
2. Chaohuang Restaurant Advertising Services Framework Agreement	Nil	93	Nil	200	200	200
Total:	17,443	19,997	1,848	22,200	22,200	22,200

As certain of the applicable ratios (other than the profits ratio) in respect of the Aggregated Non-Exempt Continuing Connected Transactions for the years ending 31 December 2020, 2021 and 2022, on an annual basis, are expected to be more than 5%, the transactions contemplated under the Aggregated Non-Exempt Continuing Connected Transactions will, upon Listing, be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

APPLICATION FOR WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

Given that the aggregate annual transaction amounts under the Aggregated Non-Exempt Continuing Connected Transactions are expected to be approximately RMB22,200,000, RMB22,200,000, and RMB22,200,000, respectively, for the three years ending 31 December 2020, 2021 and 2022, one or more of the applicable percentage ratios (other than the profits ratio) under Chapter 19 of the GEM Listing Rules, where applicable, in respect of the Aggregated Non-Exempt Continuing Connected Transactions, on an annual basis, is expected to be more than 5% and the annual consideration is more than HK$10 million, such transactions will, upon Listing, constitute continuing connected transactions of our Company, and will be subject to reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

As the Aggregated Non-Exempt Continuing Connected Transactions will continue after the Proposed Listing on a recurring basis, our Directors consider that strict compliance with the announcement, circular and independent shareholders' approval requirements under the GEM Listing Rules would be impractical and burdensome, and would add unnecessary administrative costs to our Company each time when such transaction arises.

Pursuant to Rule 20.103 of the GEM Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement, circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules in respect of the Aggregated Non-Exempt Continuing Connected Transactions subject to (a) the Aggregated Non-Exempt Continuing Connected Transactions being carried out in compliance with the requirements of the GEM Listing Rules and our compliance with the relevant requirements for continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rules; and (b) the aggregate value of such Aggregated Non-Exempt Continuing Connected Transactions for each relevant financial year not exceeding the relevant annual caps set forth above.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the Aggregated Non-Exempt Continuing Connected Transactions have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms that are fair and reasonable and in the interests of our Shareholders as a whole. The proposed annual caps disclosed above in respect of the Aggregated Non-Exempt Continuing Connected Transactions are also fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Our Company confirmed that we will comply with the applicable requirements under Chapter 20 of the GEM Listing Rules as amended from time to time, and will immediately inform the Stock Exchange if there are any material changes to the aforesaid transactions.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor, having (i) reviewed the relevant documents, information and historical figures relating to the Aggregated Non-Exempt Continuing Connected Transactions; (ii) conducted due diligence; and (iii) discussed with the management, is of the view that the Aggregated Non-Exempt Continuing Connected Transactions were and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

1. DIRECTORS

Our Board consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. The table below sets forth the relevant information of each of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and members of senior management
Executive Directors						
Mr. Chow Eric Tse To (周子濤)	38	Executive Director, founder and Chairman	June 2009	24 April 2019	Overall strategic planning and business direction of our Group and chairperson of our nomination committee	Nil
Ms. Cai Xiaoshan (蔡曉珊)	42	Executive Director	July 2016	31 May 2019	Overall strategic planning, business direction and management of the operations of our Group	Nil
Mr. Lau Tung Hei Derek (劉東曦)	37	Executive Director	July 2009	31 May 2019	Overall strategic planning, business development and administration of our Group	Nil
Ms. Liang Wei (梁薇)	47	Executive Director, chief executive officer and compliance officer	June 2017	31 May 2019	Overall strategy implementation, business development and management of the operations of our Group	Nil
Mr. Liu Biao (劉標)	39	Executive Director	July 2009	31 May 2019	Overall business development and sales management of our Group	Nil
Independent non-executive Directors						
Mr. Lee Siu Hang Foster (李兆鏗)	39	Independent non-executive Director	11 December 2019	11 December 2019	Supervising our Group's compliance, corporate governance matters and providing independent judgment and advice to our Group, a member of our remuneration committee and the chairperson of our audit committee	Nil
Ms. Tam Hon Shan Celia (譚漢珊)	47	Independent non-executive Director	11 December 2019	11 December 2019	Supervising our Group's compliance, corporate governance matters and providing independent judgment and advice to our Group, a member of our audit committee and nomination committee and the chairperson of our remuneration committee	Nil
Mr. Tian Tao (田濤)	61	Independent non-executive Director	11 December 2019	11 December 2019	Supervising our Group's compliance, corporate governance matters and providing independent judgment and advice to our Group, a member of our audit committee and remuneration committee	Nil

Executive Directors

Mr. Chow Eric Tse To (周子濤), aged 38, is our executive Director, founder and Chairman of our Board. He joined our Group in June 2009 and is mainly responsible for the overall strategic planning and business direction of our Group. He was appointed as our Director on 24 April 2019 and re-designated as our executive Director and Chairman on 31 May 2019.

Mr. Chow has over 13 years of experience in the media industry. From July 2006 to May 2009, he served as the executive director of Australian New Express Daily* (澳洲新快報), where he was responsible for formulation and implementation of operational and investment plans of the company. In January 2010, he joined KINGOLD and served as the vice president of the real estate department, responsible for assisting the president of KINGOLD's real estate department. In May 2014, Mr. Chow was promoted to director and chief executive officer of KINGOLD, where he is responsible for the overall strategic planning, business direction and management of the operations of KINGOLD.

Mr. Chow obtained his bachelor's degree of design in interior and spatial design from the University of Technology Sydney, Australia in March 2011.

Mr. Chow was a director and/or legal representative of the following companies prior to their dissolutions. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business before dissolution	Position	Date of dissolution	Means of dissolution
Guangzhou Kingold Intelligence System Integration Co., Ltd.* (廣東僑鑫智能系統集成有限公司)	PRC	Intelligent system integration for construction	Director and legal representative	4 June 2014	Deregistered
Guangzhou Huali Decoration Co., Ltd.* (廣州華麗裝飾工程有限公司)	PRC	Indoor decoration and design	Legal representative	2 November 2018	Deregistered
Icon Media Asia Pacific Pty Ltd	Australia	No operation	Director	8 December 2013	Deregistered
Rare Vintage Group Pty Limited	Australia	Wine	Director	27 July 2011	Deregistered
Feature Image Entertainment Pty Ltd	Australia	Entertainment	Director	22 April 2005	Deregistered

Mr. Chow confirmed that the above-mentioned companies had remained solvent and had no outstanding liabilities on or before their dissolutions, and have not been involved in any material non-compliant incidents, claims, litigations or legal proceedings and there were no claims against himself in relation to the dissolutions of the above-mentioned companies.

Except of Icon Media, Mr. Chow has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Chow is our Controlling Shareholder, as well as a director and the sole shareholder of Shining Icon and Sense One, both our Controlling Shareholders.

Ms. Cai Xiaoshan (蔡曉珊), aged 42, is our executive Director. She joined our Group in July 2016 and is mainly responsible for the overall strategic planning, business direction and management of the operations of our Group. She was appointed as our Director on 31 May 2019 and re-designated as our executive Director on the same day.

Ms. Cai has over 18 years of experience in the media industry. Prior to joining our Group, Ms. Cai served in certain managerial roles in several private companies in the PRC. From June 2001 and March 2005, she served as general manager of the marketing department of Guangdong New Express* (廣東新快報社), where she was responsible for formulating business policies, marketing promotion and business development. From February 2006 to January 2007, she served as deputy general manager cum general manager of the sales department of Guangdong Yaxin Broadcasting Co., Ltd.* (廣東雅信文化傳播有限公司), where she was mainly responsible for its business operations and daily management. From February 2007 to December 2015, she was the senior vice president in the sales department of Visionchina Media Group Co., Ltd.* (華視傳媒集團有限公司) (previously known as Visionchina Digital Mobile Television Co., Ltd.* (華視數字移動電視有限公司)), which was a company controlled by Visionchina Media Inc., a company listed on NASDAQ (NASDAQ ticker: VISN) from December 2007 to April 2017, where she was responsible for formulation and implementation of development strategies and sales management of the South China regional markets.

Ms. Cai obtained a master's degree in business administration from South China University of Technology, PRC in December 2016.

Ms. Cai was a director of the following company which was established in the PRC prior to its dissolution. The relevant details are as follows:

Name of company	Nature of business before dissolution	Date of dissolution	Means of dissolution
Guangdong Icon Culture Communication technology Co., Ltd.* (廣東天泓文傳科技有限公司)	No operation since incorporation	29 December 2018	Deregistered

Ms. Cai confirmed that the above-mentioned company had remained solvent and had no outstanding liabilities on or before its dissolution, and has not been involved in any material non-compliant incidents, claims, litigations or legal proceedings and there were no claims against herself in relation to the dissolution of the above-mentioned company.

Except for Icon Media, Ms. Cai has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Cai is also the sole director and the sole shareholder of Focus Wonder, one of our Substantial Shareholders.

Mr. Lau Tung Hei Derek (劉東曦), aged 37, is our executive Director. He joined our Group in July 2009 as general manager and was promoted to director in July 2016. Mr. Lau is mainly responsible for the overall strategic planning, business development and administration of our Group. He was appointed as our Director on 31 May 2019 and re-designated as our executive Director on the same day.

Mr. Lau obtained his bachelor's degree in industrial design from The University of New South Wales, Australia in May 2009.

Except for Icon Media, Mr. Lau has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Lau is also the sole director and the sole shareholder of Master Connection, one of our Shareholders.

Ms. Liang Wei (梁薇), aged 47, is our executive Director, chief executive officer and compliance officer. She joined our Group in June 2017 and is mainly responsible for the overall strategy implementation, business development and management of the operations of our Group. She was appointed as our Director on 31 May 2019 and re-designated as our executive Director on the same day.

Ms. Liang has over 20 years of experience in business management. From January 1992 to March 1996, she served as a programmer in China Shipbuilding Industry Corporation 714 Institute* (中國船舶重工集團公司第七一四研究所), where she was responsible for the construction and maintenance of the company's database. From October 1995 to December 2003, she worked at the strategic marketing department of Yonyou Software Co., Ltd.* (用友軟件股份有限公司). From April 2006 to October 2016, she served as the senior vice president of Visionchina Media Group Co., Ltd.* (華視傳媒集團有限公司) (previously known as Visionchina Digital Mobile Television Co., Ltd.* (華視數字移動電視有限公司)), which was a company controlled by Visionchina Media Inc., a company listed on NASDAQ (NASDAQ ticker: VISN) and was delisted in April 2017, where she was responsible for the formulation of development strategy, establishment of sales management system and policies, market analysis, product promotion, and supervising advertisements in major sales region. From October 2016 to March 2017, she served as the vice president of Shanghai Conservation Advertising Co., Ltd.* (上海守恆廣告有限公司), where she was responsible for the formulation of project management system and managing costs and revenue.

Ms. Liang obtained a master's degree in international business administration from the University of Northumbria at Newcastle, United Kingdom in November 2005.

Ms. Liang was a director and/or legal representative of the following companies which were established in the PRC prior to their dissolutions. The relevant details are as follows:

Name of company	Nature of business before dissolution	Position	Date of dissolution	Means of dissolution
Beijing Huajingshi Media Advertisement Co Ltd (北京華璟視傳媒廣告有限公司)	Provision of advertising services	Director and legal representative	16 February 2013	Deregistered
Beijing Huaguangshi Advertisement Co Ltd* (北京華廣視廣告有限公司)	Provision of advertising services	Director and legal representative	7 January 2015	Deregistered
Nanjing Huadingshi Communication Technology Co Ltd* (南京華鼎視通訊技術有限公司)	Information and communications technology	Director and legal representative	29 June 2015	Deregistered
Shenzhen Chenggui Operation Information Consulting Co Ltd (深圳市城軌運營信息諮詢有限公司)	Provision of advertising services	Director	28 December 2016	Deregistered

Ms. Liang confirmed that the above-mentioned companies had remained solvent and had no outstanding liabilities on or before their dissolution, and have not been involved in any material non-compliant incidents, claims, litigations or legal proceedings and there were no claims against herself in relation to the dissolution of the above-mentioned companies.

Except for Icon Media, Ms. Liang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Liu Biao (劉標), aged 39, is our executive Director. He joined our Group in July 2009 and is mainly responsible for the overall business development and sales management of our Group. He was appointed as our Director on 31 May 2019 and re-designated as our executive Director on the same day.

Mr. Liu has 19 years of experience in sales and business management in the media industry. From June 2000 to December 2006, he served as sales manager at Guangzhou Aishidai Advertising Co., Ltd.* (廣州市艾時代廣告有限公司), where his duties were developing and implementing efficient sales network and maintaining customer relationships. From August 2007 to January 2008, he served as the planning manager at Ego Information Technology Group Co., Ltd.* (廣州頤高信息科技集團有限公司), where he was responsible for the planning, organisation and implementation of marketing activities, product development, analysing sales and market development.

Mr. Liu obtained his diploma in chain management from Guangzhou Jinrong Specialist College* (廣州金融專修學院), PRC in July 2004.

Mr. Liu was a supervisor of the following company which was established in the PRC prior to its dissolution. The relevant details are as follows:

Name of company	Nature of business before dissolution	Date of dissolution	Means of dissolution
Guangzhou Xiangshuo Trading Co., Ltd.* (廣州翔朔貿易有限公司)	Trading	19 April 2013	Deregistered

Mr. Liu confirmed that the above-mentioned company had remained solvent and had no outstanding liabilities on or before its dissolution, and has not been involved in any material non-compliant incidents, claims, litigations or legal proceedings and there were no claims against himself in relation to the dissolution of the above-mentioned company.

Except for Icon Media, Mr. Liu has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Independent non-executive Directors

Mr. Lee Siu Hang Foster (李兆鏗), aged 39, was appointed as our independent non-executive Director on 11 December 2019. He is responsible for supervising our Group's compliance, corporate governance matters and providing independent judgment and advice to our Group.

Mr. Lee has more than 16 years of experience in the accounting and finance industry. From September 2002 to June 2004, he worked as an accountant at KPMG in Hong Kong and subsequently from July 2004 to June 2005, he worked as a senior accountant in the audit and risk advisory service division at KPMG in Sydney, Australia. From June 2005 to March 2011, he was the associate vice president of structured finance at GE Capital. From April 2011 to May 2012, he also served as the assistant vice president of syndicated finance at the institutional banking group of DBS Bank Ltd in Hong Kong, where he was responsible for the development of transaction structure and assessment of loan distribution risk. From May 2012 to October 2017, he served as senior vice president, head of syndicated finance department of China Minsheng Banking Corp., Ltd., where he was responsible for departmental management, including business planning and recruitment of departmental staff. From May 2016 to October 2017, he also served as the director of Asia Pacific Loan Market Association Limited. From October 2017 to April 2018, he was the vice president cum chief investment officer of Carnival Group (Hong Kong) Holdings Limited, a subsidiary of Carnival Group International Holdings Limited, a company listed on the Stock Exchange (stock code: 996). From April 2018 to September 2019, he has been serving as the managing director in the financing department of Fortune Fountain Capital Limited, where he is responsible for the group's overseas equity and debt financing business, formulating financial strategies. Mr. Lee has been a certified practicing accountant and a member of CPA Australia since September 2005. Since December 2018, Mr. Lee has been a Type 1 (dealing in securities) licensed representative and he has been licensed to carry on regulated activities for Cachet Asset Management Limited since September 2019.

Mr. Lee obtained his bachelor's degree in commerce from The University of New South Wales, Australia in April 2002.

Mr. Lee was a director of the following company which was incorporated in Hong Kong prior to its dissolution. The relevant details are as follows:

Name of company	Nature of business before dissolution	Date of dissolution	Means of dissolution
Merseyside Limited (默西塞有限公司)	Investment	18 December 2015	Deregistered

Mr. Lee confirmed that the above-mentioned company had remained solvent and had no outstanding liabilities on or before their dissolution, and has not been involved in any material non-compliant incidents, claims, litigations or legal proceedings and there were no claims against himself in relation to the dissolution of the above-mentioned company.

Mr. Lee has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Tam Hon Shan Celia (譚漢珊), aged 47, was appointed as our independent non-executive Director on 11 December 2019. She is responsible for supervising our Group's compliance, corporate governance matters and providing independent judgment and advice to our Group.

Ms. Tam has nearly 25 years of experience in the accounting and finance field. From August 1994 to October 1997, she was an accountant at DraftWorldwide Ltd, where she was responsible for managing financial matters. From October 1997 to May 1999, she also worked as an accountant at Baker Norton Asia Ltd, where she was mainly responsible for financial matters. From June 1999 to November 2000, she was a senior accountant at World Pioneer Ltd, where she was responsible for setting up the accounting system and managing the accounting functions including preparation of financial forecasts and management reports, and performing analysis. From November 2000 to March 2001, she was the financial accountant and subsequently from March 2001 to October 2003, she served as the finance and administration manager at Infoserve Technology Hong Kong Ltd, where she was responsible for the management of finance, administration and human resources matters. From August 2004 to March 2007, she was the finance manager and subsequently the group finance manager at Heal Force Development Limited, where she was responsible for compliance and management of the group finance department. From April 2007 to September 2013, she was the head of compliance and corporate affairs of NetDragon Websoft (Hong Kong) Limited and the company secretary and authorised representative of NetDragon Websoft Holdings Limited (previously known as NetDragon Websoft Inc.), a company listed on the Main Board of the Stock Exchange (stock code: 0777). From October 2013 to February 2014, she was the vice president of management centre of 91 Wireless Websoft Limited, a wholly-owned subsidiary of Baidu Inc., a company listed on NASDAQ (NASDAQ ticker: BIDU), where she was responsible for supervising and managing the finance, legal, human resources, internal control, government relationship and administration departments. From September 2014 to March 2018, she was an independent non-executive director and chairlady of the audit committee and member of the nomination committee of Zhejiang Tengy Environmental Technology Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 1527). Ms. Tam is a member of The Hong Kong Institute of Certified Public Accountants since April 2002 and a fellow of The Association of Chartered Certified Accountants since November 2006.

Ms. Tam obtained a bachelor's degree in business accounting from University of Lincolnshire and Humberside, United Kingdom in April 2000, and a master's degree in educational counselling from The Education University of Hong Kong in November 2018.

Saved as disclosed above, Ms. Tam has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Tian Tao (田濤), aged 61, was appointed as our independent non-executive Director on 11 December 2019. He is responsible for supervising our Group's compliance, corporate governance matters and providing independent judgment and advice to our Group.

From February 1999 to November 2015, Mr. Tian was the vice general manager of CVSC-TNS Research Co Ltd (央視市場研究股份有限公司). From November 2015 to June 2017, he was the president of Zhongguang Xincheng Information Technology Co., Ltd.* (中廣信誠信息科技股份有限公司). From July 2017 to August 2018, he was the president of the Beijing office of Nielsen-CCData Media Research Services Co., Ltd.* (尼爾森網聯媒介數據服務有限公司北京分公司). Since September 2018, he has been serving as the president of Zhongguang Rongxin Media Consulting (Beijing) Co., Ltd.* (中廣融信媒介諮詢 (北京) 有限公司).

Mr. Tian was a director of the following company which was established in the PRC prior to its dissolution. The relevant details are as follows:

Name of company	Nature of business before dissolution	Date of dissolution	Means of dissolution
Shanghai Zhongpeng Information Technology Co., Ltd.* (上海鐘鵬信息科技有限公司)	Technology development and consultation	27 February 2018	Deregistered

Mr. Tian confirmed that the above-mentioned company had remained solvent and had no outstanding liabilities on or before their dissolution, and has not been involved in any material non-compliant incidents, claims, litigations or legal proceedings and there were no claims against himself in relation to the dissolution of above-mentioned company.

Save as disclosed above, Mr. Tian has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

2. SENIOR MANAGEMENT

The following table sets forth the information concerning our senior management.

Name	Age	Position	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and members of senior management
Ms. Liang Wei (梁薇)	47	Executive Director, chief executive officer and compliance officer	June 2017	Overall strategy implementation, business development and management of the operations of our Group	Nil
Mr. Liang Anqi (梁安祺)	32	Chief supervisor (online and entertainment)	May 2019	Responsible for the intellectual property matters and entertainment businesses of our Group	Nil
Ms. Li Zhiyan (李智燕)	33	Secretary to the board of Icon Media and joint company secretary of our Company	June 2018	Responsible for the preparation of board and shareholders meetings, investment matters, and other administrative and secretarial matters of our Group	Nil

Ms. Liang Wei (梁薇), aged 47, is our executive Director, chief executive officer and compliance officer. For the biographical details of Ms. Liang, please refer to the paragraph headed "1. Directors — Executive Directors" in this section.

Mr. Liang Anqi (梁安祺), aged 32, joined our Group in September 2017 and was promoted to chief supervisor (online and entertainment) in May 2019. Mr. Liang is primarily responsible for the intellectual property matters and entertainment business of our Group.

Mr. Liang has over 10 years of experience in the media industry. From April 2009 to March 2015, he worked at Phoenix Legend Group Of IMC* (廣東鳳凰傳說投資有限公司), where he was responsible for media strategic planning. From April 2015 to October 2016, he was employed by Shenzhen Fangsheng Human Resources Service Co., Ltd.* (廣東方勝人力資源服務有限公司). From October 2016 to September 2017, he was the deputy strategic director of the brand business department of EJAM GROUP Co., Ltd.* (易簡廣告傳媒集團股份有限公司), a company whose shares are quoted on the NEEQ (stock code: 834498), where he was responsible for promoting business projects, formulating promotion strategy and organising media and internal resources.

Mr. Liang completed a course on power plant thermal operation and installation held by Guangdong University of Technology, Guangzhou, PRC and graduated in June 2008.

Mr. Liang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Li Zhiyan (李智燕), aged 33, joined our Group in June 2018 and has been serving as the secretary to the board of Icon Media. Ms. Li is primarily responsible for the preparation of board and shareholders meetings, investment matters, and other administrative and secretarial matters of our Group. Considering Ms. Li's comprehensive assistance as the board secretary and her relevant experience well supported by her professional qualifications, our Company regards Ms. Li as the most suitably-qualified candidate as a company secretary among other employees in our Group. She was therefore further appointed as one of the joint company secretaries of our Group with effect from the Listing Date.

Ms. Li has nearly five years of experience in providing company secretarial and compliance services. From August 2014 to July 2016, she worked as a project manager at HSBC Global Client Services (Guangdong) Co., Ltd.* (匯豐環球客戶服務(廣東)有限公司), where she was responsible for compliance matters including conducting due diligence on offshore clients and monitoring daily transactions. From August 2016 to March 2018, she was the chairman's assistant at HiVi Acoustics Technology Co., Ltd.* (廣州惠威電聲科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002888), where she was responsible for assisting the directors in managing the daily operations of the company and managing the post-listing capital operations in the securities department of the company.

Ms. Li obtained her bachelor's degree in economics and management from PLA Army Service Academy (中國人民解放軍陸軍勤務學院) (previously known as Logistical Engineering University of the PLA (中國人民解放軍後勤工程學院)), Chongqing, PRC in June 2009. Ms. Li obtained the Certificate of Accounting Profession issued by Guangzhou Haizhu District Finance Bureau (廣州市海珠區財政局) in July 2015 and the Certificate of Board Secretary Qualification (董事會秘書資格證書) issued by the NEEQ in May 2018.

Ms. Li has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

3. JOINT COMPANY SECRETARIES

Sir Kwok Siu Man ("Sir Kwok") (郭兆文) KR was appointed as one of our joint company secretaries on 30 May 2019. Sir Kwok is presently an executive director and head of corporate secretarial of Boardroom Corporate Services (HK) Limited ("**Boardroom**") and a director of Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar of our Company. He has over 30 years' legal, corporate secretarial and management experience and he is currently the company secretary or a joint company secretary of 24 other companies listed on the Stock Exchange. Sir Kwok has been an independent non-executive director of Tak Lee Machinery Holdings Limited (德利機械控股有限公司) a company listed on GEM (stock code: 8142), since June 2017. He was an independent non-executive director of Grand Ocean Advanced Resources Company Limited (弘海高新資源有限公司) (stock code: 65), a company listed on the Main Board of the Stock Exchange, from February 2015 to February 2016. Sir Kwok is a fellow member of each of The Chartered Governance Institute ("**CGI**") (formerly The Institute of Chartered Secretaries and Administrators in England), The Hong Kong Institute of Chartered Secretaries ("**HKICS**"), The Institute of Financial Accountants in England, the Institute of Public Accountants in Australia, The Association of Hong Kong Accountants and The Hong Kong Institute of

Directors, a Chartered Governance Professional of both CGI and HKICS, and a member of the Hong Kong Securities and Investment Institute. He also possesses professional qualifications in arbitration, taxation, financial planning and human resources management. He has passed the Common Professional Examinations in England and Wales and obtained a professional diploma in company secretaryship and administration and a bachelor's degree of arts from the Hong Kong Polytechnic University (formerly the Hong Kong Polytechnic) and a post-graduate diploma in laws from the Manchester Metropolitan University in England. In addition, he was a council member and a chief examiner of the international qualifying examinations of the HKICS. Further, he was named in the "International WHO's WHO of Professionals" in 1999 and was conferred as a Knight of Rizal of the Philippines in mid-June 2019.

Sir Kwok was nominated by Boardroom to act as one of the named joint company secretaries of our Company pursuant to an engagement letter entered into between our Company and Boardroom, with a view to providing support to Ms. Li Zhiyan, the other joint company secretary. He will be supported by other staff of Boardroom in providing the corporate secretarial services to our Company. In light of Sir Kwok's experiences and his supporting role to Ms. Li Zhiyan, and considering that Sir Kwok himself will be supported by other staff of Boardroom in providing the corporate secretarial services to our Company, we are of the view that Sir Kwok has sufficient time and capacity to fulfill his duties as a joint company secretary of our Company.

Ms. Li Zhiyan (李智燕) is the secretary to the board of Icon Media and was appointed as one of our joint company secretaries with effect from the Listing Date. For the biographical details of Ms. Li, please refer to the paragraph headed "Senior management" in this section.

4. AUTHORISED REPRESENTATIVES

Ms. Liang and Mr. Kwok have been appointed as the authorised representatives of our Company under Rule 5.24 of the GEM Listing Rules.

5. COMPLIANCE OFFICER

Ms. Liang is our compliance officer for the purpose of the GEM Listing Rules. For the biographical details of Ms. Liang, please refer to the paragraph headed "1. Directors — Executive Directors" in this section.

6. BOARD COMMITTEE

Audit committee

Our Company established the audit committee on 11 December 2019 with written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three members, namely Mr. Lee Siu Hang Foster (李兆鏗), Ms. Tam Hon Shan Celia (譚漢珊) and Mr. Tian Tao (田濤). Mr. Lee Siu Hang Foster (李兆鏗), our independent non-executive Director has been appointed as the chairperson of the audit committee. The duties of the audit committee include reviewing, in draft form, the annual report and accounts, half-year report and quarterly reports and providing advice and comments to the Board. In this regard, members of the audit committee will liaise with the Board, the senior management, the reporting accountants and auditors. The audit committee will also consider any significant or usual items that are, or may need to be, reflected in such reports and accounts and give consideration to any matters that have been raised by the accounting staff, compliance officers or auditors. Members of the audit committee are also responsible for reviewing our Company's financial reporting process and internal control system.

Remuneration committee

Our Company established the remuneration committee on 11 December 2019 which, at present, consists of three members, namely Mr. Lee Siu Hang Foster (李兆鏗), Ms. Tam Hon Shan Celia (譚漢珊) and Mr. Tian Tao (田濤). Ms. Tam Hon Shan Celia (譚漢珊), our independent non-executive Director, has been appointed as the chairperson of the remuneration committee. Written terms of reference in compliance with paragraph B.1.1 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules have been adopted. Amongst other things, the primary duties of the remuneration committee are to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors.

Nomination committee

Our Company established the nomination committee on 11 December 2019. The nomination committee consists of three members, namely Mr. Chow Eric Tse To (周子濤), Mr. Lee Siu Hang Foster (李兆鏗) and Ms. Tam Hon Shan Celia (譚漢珊). Mr. Chow Eric Tse To (周子濤), our Chairman and executive Director, has been appointed as the chairperson of the nomination committee. Written terms of reference in compliance with paragraph A.5 of the Code on Corporate Governance Practices as set out in Appendix 15 to GEM Listing Rules have been adopted. The nomination committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for our Directors.

7. CORPORATE GOVERNANCE

Our Company is in compliance with the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the Listing.

8. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, discretionary bonus and other benefits in kind paid by us to our Directors for each of FY2017, FY2018 and 1H2019 were approximately RMB1,135,000, RMB1,219,000 and RMB603,000, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes, housing and other allowances, discretionary bonus and other benefits in kind paid by us to the five highest paid individuals of our Group, including Directors, for each of FY2017, FY2018 and 1H2019 were approximately RMB1,992,000, RMB2,531,000 and RMB1,208,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, 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 as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. In addition, none of our Directors has waived any emoluments.

Save as disclosed, no other payments have been paid or are payable to our Directors or the five highest paid individuals by our Group during the Track Record Period.

Under the arrangements currently in force, the aggregate remuneration of our Directors paid or payable (including benefits in kind but excluding any discretionary bonus which may be paid) in respect of FY2019 is estimated to be approximately RMB1,280,000.

9. COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of good corporate governance in management and internal procedures to promote and ensure accountability. Our Company's corporate governance practices are based on principles and code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. Our Company's corporate governance practices have been complied with and we will continue to comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

We have adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board comprises eight members, including five executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of knowledge and experiences, including business management, strategic development, media and advertising, sales management and administration experiences. We are also committed to adopting similar approach to promote diversity of the management (including but not limited to the senior management) of our Company to enhance the effectiveness of our corporate governance.

Our nomination committee is responsible for ensuring the diversity of our Board. After the Listing, our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the board diversity policy in our corporate governance report on an annual basis.

10. COMPLIANCE ADVISER

Our Company has appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.19 of the GEM Listing Rules, the compliance adviser will advise our Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The terms of appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year after the Listing Date, or until the agreement is terminated, whichever is the earlier.

11. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 11 December 2019. Our Directors consider the purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of our Group and to provide incentive to them to further contribute to our Group. The principal terms of the Share Option Scheme are summarised under the section headed "Appendix IV. Statutory and General Information — D. Share Option Scheme" in this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any member of our Group:

		As at the date of this prospectus		Immediately following the completion of the Share Offer and the Capitalisation Issue	
Name of Shareholder	**Nature of interest**	**Number of Shares**	**Percentage of shareholding**	**Number of Shares** *(Note 1)*	**Percentage of shareholding**
Shining Icon	Beneficial owner	516	51.6%	69,660,000	38.7%
Focus Wonder	Beneficial owner	250	25%	33,750,000	18.75%
Sense One	Beneficial owner	134	13.4%	18,090,000	10.05%
Master Connection	Beneficial owner	100	10%	13,500,000	7.5%
Mr. Chow *(Note 2)*	Interest in a controlled corporation	650	65%	87,750,000	48.75%
Ms. Cai *(Note 3)*	Interest in a controlled corporation	250	25%	33,750,000	18.75%
Mr. Lau *(Note 4)*	Interest in a controlled corporation	100	10%	13,500,000	7.5%

Notes:

(1) All interests stated are long positions.

(2) Shining Icon and Sense One are wholly owned by Mr. Chow. Therefore, Mr. Chow is deemed to be interested in the Shares held by Shining Icon and Sense One pursuant to the SFO.

(3) Focus Wonder is wholly owned by Ms. Cai. Therefore, Ms. Cai is deemed to be interested in the Shares held by Focus Wonder pursuant to the SFO.

(4) Master Connection is wholly owned by Mr. Lau. Therefore, Mr. Lau is deemed to be interested in the Shares held by Master Connection pursuant to the SFO.

Save as disclosed herein, our Directors are not aware of any person (who are not Directors or chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under 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 members of our Group other than our Company.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme):

Authorised share capital:

		Nominal value *HK$*
2,000,000,000	Shares of HK$0.01 each	20,000,000

Shares issued and to be issued, fully paid or credited as fully paid:

		Nominal value *HK$*
1,000	Shares in issue at the date of this prospectus	10
134,999,000	Shares to be issued pursuant to the Capitalisation Issue	1,349,990
45,000,000	Shares to be issued pursuant to the Share Offer (excluding any Shares which may be issued under the Offer Size Adjustment Option)	450,000
180,000,000	Total:	1,800,000

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme or any Shares which may be issued or bought back by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing 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 GEM Listing Rules).

RANKINGS

The Offer Shares and the Shares that may be issued pursuant to exercise of the Offer Size Adjustment Option will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus, and in particular, will be entitled to all dividends or other distributions hereafter declared, paid or made on the Shares after the date of this prospectus save for entitlements under the Capitalisation Issue.

OFFER SIZE ADJUSTMENT OPTION

Our Company has conditionally adopted the Offer Size Adjustment Option, the principle terms of which are summarised in the section headed "Structure and Conditions of the Share Offer — Offer Size Adjustment Option" in this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general and unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme).

The issuing 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 of our Company is required to be held pursuant to the Articles of Association or any applicable laws of Cayman Islands; or

(iii) the passing of an ordinary resolution by our Shareholders in the general meeting of our Company revoking, varying or renewing such mandate given to our Directors.

For further details of this issuing mandate, please see the section headed "Appendix IV. Statutory and General Information — A. Further information about our Company — 3. Resolutions in writing of our Shareholders passed on 11 December 2019" in this prospectus.

GENERAL MANDATE TO REPURCHASE

Our Directors have been granted a general unconditional mandate (the "**Repurchase Mandate**") to exercise all of the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme).

The Repurchase Mandate relates only to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose).

An explanatory statement related to the Repurchase Mandate is set out in the section headed "Appendix IV. Statutory and General Information — A. Further information about our Company — 6. Repurchase of our Shares by our Company" in this prospectus.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option granted.

The Repurchase Mandate will expire:

(i) at the conclusion of our Company's next annual general meeting; or

(ii) upon the expiry of the period within which our Company is required by any applicable law or the Articles of Association to hold its next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

Further information on the Repurchase Mandate is set out in the section headed "Appendix IV. Statutory and General Information — A. Further information about our Company — 3. Resolutions in writing of our Shareholders passed on 11 December 2019" in this prospectus.

SHAREHOLDERS' GENERAL MEETING

Please refer to Appendix III to this prospectus in respect of circumstances under which general meeting is required.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 11 December 2019. Details of the principal terms of the Share Option Scheme are summarised in the section headed "Appendix IV. Statutory and General Information — D. Share Option Scheme" in this prospectus.

Our Group does not have any outstanding share options, warrants, convertible instruments, pre-IPO share options or similar rights convertible into the Shares as at the Latest Practicable Date.

You should read this section in conjunction with our consolidated financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our consolidated financial statements for each of FY2017, FY2018 and 1H2019 have been prepared in accordance with HKFRS. You should read the Accountants' Report set out in Appendix I to this prospectus in its entirety and not rely merely on the information contained in this section. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. 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 we believe are appropriate under the circumstances. However, our actual results may differ significantly from those anticipated in the forward-looking statements. Please refer to the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus for further details.

OVERVIEW

We are an integrated multimedia advertising and marketing solution services provider based in Guangzhou, the PRC and offer advertising and marketing solutions covering (i) traditional offline media including both OOH and indoor advertising platforms; (ii) online media; and (iii) PR, marketing campaigns and other services to our customers comprising brand owners (including state-owned enterprise in the PRC), advertising agencies, government authorities.

Established in 2009, we strive to provide holistic solutions to our customers, including strategic planning, formulation of advertising solutions, provision and sourcing of advertising spaces, content production, co-ordination with advertising platforms, execution of advertisements, organisation of PR events and other promotional activities, as well as evaluation of the effectiveness of the advertisements.

With almost 10 years of operating history, we have established relationships with suppliers of media resources, including TV channels, owners of offline OOH advertising spaces in shopping malls, lifts, buses and terminals (subway and railway). We generated approximately 81.2%, 80.9% and 81.8% from the provision of advertising and marketing solutions using traditional offline media for FY2017, FY2018 and 1H2019, respectively. As at the Latest Practicable Date, we had certain exclusive advertising spaces in Guangzhou South Railway Station, Shenzhen Futian Transportation Hub, China Railway's 12306 online ticketing system, elevators and lobbies in a number of commercial buildings and housing estates in Guangzhou, the PRC. During the Track Record Period, we generated revenue of approximately RMB8.5 million, RMB24.6 million and RMB22.0 million from our exclusive advertising spaces, representing approximately 5.9%, 11.8% and 29.2% of our revenue during the Track Record Period, respectively. We recorded an increase in our revenue from approximately RMB143.8 million for FY2017 to RMB208.9 million for FY2018, representing a year-on-year growth of approximately 45.3%, and from approximately RMB67.2 million for 1H2018 to approximately RMB75.6 million for 1H2019, representing a growth of approximately 12.5%. We also recorded an increase in profit for the year by approximately 6.9%, from approximately RMB17.3 million for FY2017 to approximately RMB18.5 million for FY2018. Excluding non-recurring listing expenses of approximately RMB11.2 million recognised in the profit or loss for 1H2019, our profit for the period would increase by approximately 37.7% from approximately RMB6.9 million for 1H2018 to approximately RMB9.5 million for 1H2019.

REORGANISATION AND BASIS OF PRESENTATION

To rationalise the corporate structure in preparation for the Listing, our Group underwent the Reorganisation as detailed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus. The Reorganisation mainly involved inserting certain companies with no substantive operations as holding companies of Icon Media. Upon completion of the Reorganisation in 2019, our Company became the holding company of our Group. As such, Icon Media was controlled by Mr. Chow during the Track Record Period before and after the Reorganisation, and therefore there were no changes in the economic substance of the ownership and the business of our Group.

The consolidated statements of financial position of our Group as at 31 December 2017 and 2018 and 30 June 2019, the consolidated statements of profit or loss, 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 FY2017, FY2018 and 1H2019 have been prepared and presented as a continuation of the financial statements of Icon Media with the assets and liabilities of Icon Media recognised and measured at their historical carrying amount prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the historical financial information.

For the purpose of preparing this historical financial information, our Group has adopted all applicable new and revised HKFRSs, which are effective for the accounting period beginning on 1 January 2019, including HKFRS 9 "Financial instruments" and HKFRS 15 "Revenue from contracts with customers" and HKFRS 16 "Leases" consistently throughout the Track Record Period. The adoption of HKFRS 9 and HKFRS 15 did not have significant impact on our Group's financial position and performance throughout the Track Record Period when compared to those that would have been presented under HKAS 39 "Financial Instruments: Recognition and Measurement" and HKAS 18 "Revenue". The adoption of HKFRS 16 primarily leads to an increase in both assets and liabilities and to impact on the timing of expense recognition in the consolidated statements of profit or loss over the period of leases. However, the adoption of HKFRS 16 did not have significant impact on our Group's net assets and net profit/(loss) throughout the Track Record Period when compared to those that would have been presented under HKAS 17 "Leases".

Amendments, new standards and interpretations issued but not yet effective and which have not been adopted by our Group for the accounting period beginning on 1 January 2019 are set out in note 29 of the Accountants' Report set out in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Our business mix

Our results of operations are affected by our business mix. During the Track Record Period, our business was broadly divided into three main business segments, namely (i) traditional offline media advertising services; (ii) online media advertising services; and (iii) PR, marketing campaigns and other services, each of which had different contribution to our revenue and profit. Our gross profit margin may vary for different types of advertising services attributable to our different services offered, depending on factors such as type of services provided, cost of service and pricing strategies. Our business mix may change over time and the magnitude of such change will have a direct impact on our financial performance.

According to the iResearch Report, the PRC overall offline advertising market size in terms of revenue experienced a decline from 2014 to 2018 at a CAGR of approximately negative 3.3% and is expected to grow at CAGR of approximately 3.0% from 2019 to 2023. In contrast, the size of the PRC online advertising market in terms of revenue expanded from RMB154.6 billion to RMB484.4 billion from 2014 to 2018, with a CAGR of 33.0% and is expected to grow robustly at a CAGR of 22.2% from approximately RMB625.5 billion in 2019 to approximately RMB1,396.5 billion in 2023.

Changes in the mix of our business have affected and will continue to affect our financial performance. The fluctuation of our overall gross profit margin was principally attributable to changes in our business mix. We will continue to evaluate and adjust our business mix to anticipate and meet the evolving needs of our customers and create value for us.

Ability to maintain relationships with strategic partners

The advertising industry is highly competitive and ever-changing due to the fragmented nature of the industry and evolving preferences of customers. Therefore, our ability to maintain and obtain additional advertising resources at different media platforms is essential for us to grow our business and to meet the needs of our customers. Our ability to retain and secure additional advertising resources depends on our relationship with suppliers. During the Track Record Period, we had established business relationship with more than 160 suppliers covering a wide range of advertising resources including TV and radio channels, owners of offline OOH advertising spaces in shopping malls, lifts, buses, terminals (subway and railway). Our five largest suppliers accounted for approximately 51.1%, 48.4% and 68.1%, respectively, of our total cost of sales for FY2017, FY2018 and 1H2019. If we fail to retain or secure additional advertising resources at different media platforms, the demand for our services will not grow and may even decrease, which could materially and adversely affect our ability to maintain or increase our revenue and profitability.

In addition, we derive value and benefits from our co-operative arrangements with content providers, advertising agencies and merchants. Our ability to maintain existing, as well as to develop and foster new, strategic partnerships will be a significant factor to strengthen our ability to provide integrated advertising solutions, meet the demands of our customers and diversify our income streams.

Our ability to keep or expand our customers base

Our business model is in general project-based, where we charge our customers a fee for our integrated advertising solutions. As such, our revenue is generally non-recurring in nature. Our success depends on our ability to maintain relationships with our existing customers and to attract new customers. A significant portion of revenue was derived from our five largest customers, accounting for approximately 83.0%, 78.0% and 77.7% of our total revenue during the Track Record Period. The number of our customers which generated revenue during the year increased from 78 for FY2017 to 135 for FY2018 and remained at over 70 for 1H2018 and 1H2019. We intend to maintain the relationship with our customers and continue to expand our customer base. In addition, we generally do not enter into long term agreements with most of our customers and hence, our revenue may fluctuate depending on the number of projects we are able to secure. If we fail to retain our existing customers, attract our existing customers to allocate more advertising budget with us, or attract new customers, our financial position and results of operations would be materially and adversely affected.

Pricing of our services

We formulate and adjust our pricing policy in accordance with industry information and market trends. We determine our service fee on a case-by-case basis, taking into account many factors including (a) nature of services required; (b) scale and complexity of a project and the timeframe involved; (c) fees charged by our suppliers; (d) our profit margin; and (e) amount of discount offered to our customers. Our management would periodically review our pricing policy to ensure the competitiveness of our fees and maintain our profitability. If we fail to adjust our pricing policy to adapt to changes to the market in a timely manner, our results of operations and financial performance could be materially and adversely affected.

Fluctuations of publishing cost for our non-exclusive advertising resources

Our publishing cost for non-exclusive advertising resources mainly represents the publication of advertisement through our non-exclusive advertising resources, including but not limited to, television, radio, newspaper and other non-exclusive OOH resources. During our Track Record Period, our publishing cost for our non-exclusive advertising resources amounted to approximately RMB92.8 million, RMB132.8 million and RMB39.6 million, respectively, representing approximately 83.2%, 79.2% and 68.6% of our total cost of sales for the respective periods.

Our prices are determined based on a number of factors including (a) nature of services required; (b) scale and complexity of a project and the timeframe involved; (c) fees charged by our suppliers; (d) our profit margin; and (e) the amount of discount offered to our customers. In the event that our fees charged by our suppliers, which were majority recognised as publishing cost, show a general increase, there is no assurance that we can pass on the increment to our customers and our operating results and financial position may be materially and adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our publishing cost for our non-exclusive advertising resources on our non-HKFRS adjusted profit before taxation (excluding listing expenses recognised in the profit or loss for FY2018 and 1H2019) for each of FY2017, FY2018 and 1H2019.

		Year ended 31 December				Six months ended 30 June	
		2017		2018		2019	
	Increase/ (decrease) in percentage	(Decrease)/ increase in profit before taxation *(RMB'000)*	Adjusted profit before taxation for the year *(RMB'000)*	(Decrease)/ increase in profit before taxation *(RMB'000)*	Adjusted profit before taxation for the year *(RMB'000)*	(Decrease)/ increase in profit before taxation *(RMB'000)*	Adjusted profit before taxation for the period *(RMB'000)*
Publishing cost for our non-exclusive advertising resources	–15%	13,922	37,118	19,917	44,776	5,741	17,850
	–10%	9,281	32,477	13,278	38,137	3,960	15,869
	–5%	4,641	27,837	6,639	31,498	1,980	13,889
	0%	—	23,196	—	24,859	—	11,909
	+5%	(4,641)	18,556	(6,639)	18,220	(1,980)	9,929
	+10%	(9,281)	13,915	(13,278)	11,581	(3,960)	7,949
	+15%	(13,922)	9,275	(19,917)	4,942	(5,941)	5,968

For illustrative purposes, for FY2017, FY2018 and 1H2019, it is estimated that we would achieve breakeven on our non-HKFRS adjusted profit before taxation (excluding Listing expenses incurred for FY2018 and 1H2019) if our publishing cost for our non-exclusive advertising resources increased by approximately 25.0%, 18.7% and 30.1% respectively, with all other variables remaining constant.

Seasonality

Our business may be affected by seasonality. Revenue fluctuations are common in the advertising industry and are primarily the result of fluctuations in advertising expenditures by brand owners. A large proportion of advertising expenditures is concentrated on product or service launches and promotional campaigns prior to the holiday seasons in the summer holidays, National Day, Mid-Autumn Festival, New Year's Eve and Chinese Lunar Year. Based on our past experience, our revenue is typically lower in the first half of the year and higher in the second half of the year.

SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our Group's financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of critical accounting policies; (ii) the judgements and other uncertainties affecting the application of such policies; and (iii) the results of changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial information. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in notes 2 and 3 of the Accountants' Report in Appendix I to this prospectus.

Significant accounting policies

Revenue and other income

Income is classified by our Group as revenue when it arises from the provision of services in the ordinary course of our Group's business.

Revenue is recognised when control over services is transferred to the customer at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax and is after deduction of any trade discounts.

Further details of our Group's revenue and other income recognition policies are as follows:

(i) Integrated multimedia advertising services

Revenue from integrated multimedia advertising services is recognised on a straight-line basis over the performance period for which the advertisements are displayed.

(ii) PR, marketing campaigns and other services

Revenue from PR, marketing campaigns and other services is recognised when the related services are rendered.

(iii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(v) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that our Group will comply with the conditions attaching to them. Grants that compensate our Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate our Group for the cost of an asset are recognised as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Motor vehicles	4 years
Office equipment and others	2 to 5 years

Both the useful life of an asset and its residual value, if any, is reviewed annually.

Leased assets

At the lease commencement date, our Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payment made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in our Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether our Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or losses if the carrying amount of the right-of-use asset has been reduced to zero.

Our Group presents right-of-use assets and lease liabilities separately in the statements of financial position.

Our Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of certain premises that have a lease term of 12 months or less. Our Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting estimates and judgements

Use of estimates and judgements

The preparation of the consolidated financial information in conformity with HKFRSs requires our management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may 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.

Judgements made by our management in the application of HKFRSs that have significant effect on the consolidated financial information and major sources of estimation uncertainty are discussed below.

Principal versus agent considerations — revenue from provision of advertising service

In determining whether our Group is acting as a principal or agent in the provision of advertising display services, judgements and considerations of all relevant facts and circumstances are required. Our Group is a principal in a transaction if our Group obtains control of services provided before they are transferred to customers. If control is unclear, when our Group is primarily obligated in a transaction, and has latitude in establishing prices and selecting publishers, or has several but not all of these indicators, our Group records revenues on a gross basis. Otherwise, our Group records the net amount earned as commissions from the services provided.

Loss allowance for trade and other receivables

Our Group estimates the loss allowances for trade and other receivables by assessing the expected credit losses. This requires the use of estimates and judgements. Expected credit losses are based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amount of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. Our Group keeps assessing the expected credit loss of trade receivables during their expected lives while assessing the expected credit loss of other receivables during 12-month unless there has been significant increase in credit risk since the initial recognition.

Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amount of deferred tax assets, expected taxable profits which involves a number of assumptions relating to the operating environment of our Group and requires significant level of judgement exercised by our Directors. Any change in such assumptions and judgement would affect the carrying amount of deferred tax assets to be recognised and hence the net profit in future years.

SUMMARY OF RESULTS OF OPERATIONS

The following table summarises the consolidated statements of profit or loss during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Revenue	143,765	208,941	67,197	75,625
Cost of sales	(111,493)	(167,699)	(52,952)	(57,739)
Gross profit	32,272	41,242	14,245	17,886
Other revenue	1,139	2,798	1,955	695
Other net loss	(202)	(1,468)	(221)	(37)
Selling expenses	(3,416)	(3,321)	(2,278)	(1,213)
Administrative expenses	(6,559)	(14,049)	(4,256)	(16,372)
Profit from operations	23,234	25,202	9,445	959
Finance costs	(38)	(485)	(120)	(407)
Profit before taxation	23,196	24,717	9,325	552
Income tax	(5,934)	(6,245)	(2,391)	(2,217)
Profit/(loss) for the year/period	17,262	18,472	6,934	(1,665)

Non-HKFRS measures

We recognised non-recurring item in the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also presented the adjusted net profits, and adjusted net profit margin as non-HKFRS measures.

We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of non-recurring listing expenses which is considered not indicative for evaluation of the actual performance of our business. We believe that these non-HKFRS measures provide additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods.

The table below sets forth the adjusted net profit and adjusted net profit margin in each respective period during the Track Record Period:

	Year ended 31 December		**Six months ended 30 June**	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Profit/(loss) for the year/period	17,262	18,472	6,934	(1,665)
Add: Non- recurring item — Listing expenses	—	142	—	11,175
Adjusted net profit for the year/period	17,262	18,614	6,934	9,510
Adjusted net profit margin for the year/period	12.0%	8.9%	10.3%	12.6%

Our net profit margin deteriorated for 1H2019 as compared to 1H2018 mainly because of the inclusion of the listing expenses of approximately RMB11.2 million. If excluding such non-recurring listing expenses, our adjusted net profit margin for 1H2019 would be approximately 12.6%.

DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

We are an integrated multimedia advertising and marketing solution service provider, which principally engages in the provision of (i) traditional offline media advertising services; (ii) online media advertising services; and (iii) PR, marketing campaigns and other services in the PRC. We provide holistic solutions to our customers, including strategic planning, formulation of advertising solutions, provision and sourcing of advertising spaces, content production, co-ordination with advertising platforms, execution of advertisements, organisation of PR events and other promotional activities. Our revenue increased from approximately RMB143.8 million for FY2017 to approximately RMB208.9

million for FY2018, representing a growth of approximately 45.3%, and from approximately RMB67.2 million for 1H2018 to approximately RMB75.6 million for 1H2019, representing a growth of approximately 12.5%.

During the Track Record Period, we offered the following types of services to our customers (i) advertising services using our exclusive advertising resources; (ii) advertising services using non-exclusive advertising resources; and (iii) PR, marketing campaigns and other services. The following table sets forth the breakdown of our revenue by types of advertising resources and services during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Exclusive advertising resources								
— Certain exclusive advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station	—	—	6,263	3.0	2,786	4.1	10,720	14.2
— 16 housing estates and a golf club	6,721	4.7	11,171	5.4	4,973	7.4	3,006	4.0
— A shopping mall and 4 commercial buildings	1,730	1.2	3,000	1.4	1,631	2.4	1,551	2.1
— 12306 online ticketing system	—	—	4,205	2.0	1,458	2.2	6,745	8.9
	8,451	5.9	24,639	11.8	10,848	16.1	22,022	29.2
Non-exclusive advertising resources	122,552	85.2	158,834	76.0	53,363	79.5	47,453	62.7
PR, marketing campaigns and other services	12,762	8.9	25,468	12.2	2,986	4.4	6,150	8.1
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

We have certain advertising spaces where we have the exclusive right to use such spaces for the provision of advertising and marketing services to our customers situated at (a) Shenzhen Futian Transportation Hub; (b) Guangzhou South Railway Station (exclusivity for customers in property and tourism industries since May 2019); and (c) LCD flat-panel displays, frame displays located inside elevators and at lobbies in a number of shopping malls, commercial buildings and housing estates in Guangzhou, the PRC. As at the Latest Practicable Date, we had a network of Visual Media frame displays at lobbies and inside the elevators in a shopping mall and four commercial buildings and 16 housing estates (including a golf club) in Guangzhou, the PRC on an exclusive basis. We also have the exclusive right to publish advertisements via the journey reminder SMS service of the 12306 online ticketing system of China Railway.

The revenue generated from the above mentioned exclusive advertising resources amounted for approximately 5.9%, 11.8% and 29.2% of our revenue for FY2017, FY2018 and 1H2019, respectively while our revenue generated from non-exclusive advertising resources accounted for approximately 85.2%, 76.0% and 62.7% of our revenue for FY2017, FY2018 and 1H2019, respectively.

Revenue by business segments

The table below sets forth our revenue by business segments during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Traditional offline media advertising services								
— Acting as a principal	116,836	81.2	169,003	80.9	58,748	87.4	61,863	81.8
Online media advertising services								
— Acting as a principal	12,893	9.0	12,249	5.9	5,152	7.7	7,579	10.0
— Acting as an agent	1,274	0.9	2,221	1.0	311	0.5	33	0.1
PR, marketing campaigns and other services								
— Acting as a principal	12,762	8.9	25,468	12.2	2,986	4.4	6,150	8.1
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

Revenue from traditional offline media advertising services

During the Track Record Period, traditional offline media advertising services segment represented our largest business segment, which included the provision of advertising services on television and other broadcasting channels, public transportation hubs, newspapers, elevators in shopping malls and commercial buildings and housing estates. The provision of traditional offline media advertising services represented approximately 81.2%, 80.9% and 81.8% of our revenue for FY2017, FY2018 and 1H2019, respectively.

The following table sets forth a breakdown of our revenue from the provision of traditional offline media advertising services by types of advertising resources during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
OOH advertising platforms								
Exclusive advertising resources in/at								
— Certain advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station	—	—	6,263	3.7	2,786	4.7	10,720	17.3
— 16 housing estates and a golf club	6,721	5.7	11,171	6.6	4,973	8.5	3,006	4.9
— A shopping mall and 4 commercial buildings	1,730	1.5	3,000	1.8	1,631	2.8	1,551	2.5
	8,451	7.2	20,434	12.1	9,390	16.0	15,277	24.7
Non-exclusive advertising resources through the following channels								
— Public transports	59,238	50.7	42,892	25.4	23,414	39.9	10,555	17.0
— Housing estates	26,948	23.1	16,238	9.6	7,350	12.5	8,167	13.2
— Shopping malls and commercial buildings	3,335	2.9	12,524	7.4	4,461	7.6	26,449	42.8
	89,521	76.7	71,654	42.4	35,225	60.0	45,171	73.0
Indoor advertising platforms								
Non-exclusive advertising resources through the following channels								
— Television	14,875	12.7	70,325	41.5	14,133	24.0	—	—
— Radio	—	—	6,572	3.9	—	—	1,415	2.3
— Newspapers	3,989	3.4	18	0.1	—	—	—	—
	18,864	16.1	76,915	45.5	14,133	24.0	1,415	2.3
	116,836	100.0	169,003	100.0	58,748	100.0	61,863	100.0

The majority of our revenue was generated from the provision of the traditional offline media advertising services through OOH advertising platforms which accounted for approximately 83.9%, 54.5% and 97.7% of our revenue for FY2017, FY2018 and 1H2019, respectively. OOH advertising platforms include (i) advertisement displays on public transports and transportation hubs such as Shenzhen Futian Transportation Hub and Guangzhou South Railway Station; and (ii) advertisement displays located in lobbies and elevators and exterior of commercial buildings and inside the housing estates.

Revenue from online media advertising services

The provision of online media advertising services generally involves the provision of advertising services using web portal, online video, social media service engine, information media and apps. The online media advertising services segment represented approximately 9.9%, 6.9% and 10.1% of our revenue for FY2017, FY2018 and 1H2019, respectively.

The following table sets forth a breakdown of our revenue from the provision of online media advertising services based on the role assumed by us during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Acting as a principal	12,893	91.0	12,249	84.7	5,152	94.3	7,579	99.6
Acting as an agent	1,274	9.0	2,221	15.3	311	5.7	33	0.4
	14,167	100.0	14,470	100.0	5,463	100.0	7,612	100.0

Determining whether we are acting as a principal or an agent in the provision of online media advertising services requires judgements and considerations of all relevant facts and circumstances. Our Group is a principal in a transaction if we (i) provide integrated multimedia advertising and marketing solutions, including strategic planning, advertising solutions formulation, content creation, as well as provision of exclusive or non-exclusive advertising resources; and (ii) obtain control of services (e.g. selection of the appropriate advertising resources, the manner of how such advertising services would be provided and provision of advertising services through our exclusive online advertising resources on 12306 online ticketing system) provided before they are transferred to customers. If control is unclear, when our Group is primarily obligated in a transaction, and has latitude in establishing prices and selecting publishers, or has several but not all of these indicators, our Group records revenue on a gross basis. On the other hand, when we only provide advertising resources to our customers for publication of their advertisements and do not have control over the manner of how the advertising services would be provided, we would assume the role of an agent. Under this circumstance, our Group records the net amount earned as commissions from the services provided.

Revenue from PR, marketing campaigns and other services

PR, marketing campaigns and other services included devising strategies, formulating advertising solutions, co-ordinating with media platforms, organising and executing the campaign. Our revenue from PR, marketing campaigns and other services will be recognised when the related services are rendered. The revenue generated from our PR, marketing campaigns and other services represented approximately 8.9%, 12.2% and 8.1% of our total revenue for FY2017, FY2018 and 1H2019, respectively.

Revenue by type of customers

The following table sets forth a breakdown of our revenue by types of customers during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Revenue from								
— Direct customers[(Note)]	135,757	94.4	175,718	84.1	56,702	84.4	29,255	38.7
— Advertising agencies	8,008	5.6	33,223	15.9	10,495	15.6	46,370	61.3
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

Note: Including Megahive as it is designated advertising agent of Liby Group and are treated as a whole pursuant to the framework agreement between Liby Group and our Group.

During the Track Record Period, our customers comprised (i) direct customers, which included brand owners (including state-owned enterprises in the PRC) and government authorities; and (ii) intermediaries, which were advertising agencies. During the Track Record Period, approximately 94.4%, 84.1% and 38.7% of our revenue was derived from direct customers.

Revenue by geographical regions

All our revenue was generated in the PRC. The following table sets forth a breakdown of our revenue by major cities in the PRC during the Track Record Period. It should be noted that the following breakdown is based on the location of our customers.

	For the year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Guangzhou	113,039	78.6	165,908	79.4	49,702	74.0	30,710	40.6
Zhuhai	16,106	11.2	14,488	6.9	5,085	7.6	137	0.2
Beijing	2,028	1.4	8,655	4.1	472	0.7	32,079	42.4
Dongyang	—	—	5,472	2.6	5,471	8.1	—	—
Shenzhen	1,898	1.3	2,187	1.1	122	0.2	8,642	11.4
Others	10,694	7.5	12,231	5.9	6,345	9.4	4,057	5.4
	143,765	100.0	208,941	100.0	67,197	100.0	75,625	100.0

During the Track Record Period, Guangzhou is the largest component for FY2017 and FY2018 and the second largest component for 1H2019. The majority of our revenue were generated from the Greater Bay Area (mainly Guangzhou, Zhuhai and Shenzhen) and Beijing. Leveraging on our success in providing integrated multimedia advertising and marketing solutions in Guangzhou, as part of our expansion plan, we intend to increase our business coverage in Beijing and Shenzhen to capture business opportunities in Northern China and the Greater Bay Area.

Cost of sales

The following table sets forth a breakdown of our cost of sales by natures during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Publishing costs	92,810	83.2	132,781	79.2	40,932	77.3	39,604	68.6
Production costs	11,837	10.6	20,729	12.4	6,681	12.6	6,018	10.4
Licence fees	2,978	2.7	10,181	6.1	3,441	6.5	9,086	15.7
Staff costs	2,426	2.2	2,791	1.7	1,338	2.5	1,174	2.0
Others	1,442	1.3	1,217	0.6	560	1.1	1,857	3.3
	111,493	100.0	167,699	100.0	52,952	100.0	57,739	100.0

During the Track Record Period, the largest component of our cost of sales was publishing costs for our non-exclusive advertising resources, representing approximately 83.2%, 79.2% and 68.6% of our total cost of sales.

Publishing costs represent the publishing costs incurred on advertising through the non-exclusive advertising resources, including but not limited to television, radio, newspaper and other non-exclusive OOH resources.

Production costs refers to the fees for various production services such as content production, stage design, visual effect display for (i) customers of our advertising services, where we assisted our customers in the production of advertisements or in bringing the advertisements ready for broadcasting or publishing at our advertising resources; and (ii) the organisation of PR, marketing campaigns and other marketing services. Staff costs represent the costs of our operation staff, who are involved in content creation, liaising with our customers and suppliers to publish or broadcast advertisement for our customers and to organise and launch PR, marketing campaigns and other marketing activities.

Licence fees mainly represent the licence fees for our exclusive rights to use certain advertising spaces at (i) Shenzhen Futian Transportation Hub; (ii) Guangzhou South Railway Station for the provision of advertising and marketing services, (iii) our Visual Media Network in shopping mall, commercial buildings, housing estates and a golf club; and (iv) the exclusive rights to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system in China Railway.

Gross profit and gross profit margin

For FY2017, FY2018 and 1H2019, our gross profit was approximately RMB32.3 million, RMB41.2 million and RMB17.9 million, respectively, and our gross profit margin was approximately 22.4%, 19.7% and 23.7% for the same period, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by the advertising resources and services during the Track Record Period:

	For the year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Exclusive advertising resources in/at								
— Certain advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station	—	—	(1)	(0.1)	973	34.9	3,339	31.1
— 16 housing estates and a golf club	4,067	60.5	8,163	73.1	3,076	61.9	1,596	53.1
— A shopping mall and 4 commercial buildings	1,256	72.6	2,465	82.2	1,352	82.9	1,365	88.0
— 12306 online ticketing system	—	—	2,813	66.9	872	59.8	4,759	70.6
	5,323	**63.0**	**13,440**	**54.5**	**6,273**	**57.8**	**11,059**	**50.2**
Non-exclusive advertising resources through the following channels								
— Public transports	20,095	33.9	7,604	17.7	6,422	27.4	1,074	10.2
— Housing estates	323	1.2	98	0.6	130	1.8	90	1.1
— Shopping malls and commercial buildings	25	0.7	3,535	28.2	128	2.9	2,678	10.1
— Indoor (including TV, radio and newspaper)	137	0.7	3,454	4.5	55	0.4	618	43.7
— Online media	1,958	13.8	2,791	27.2	398	10.0	89	10.3
	22,538	**18.4**	**17,482**	**11.0**	**7,133**	**13.4**	**4,549**	**9.6**
PR, marketing campaigns and other services	4,411	34.6	10,320	40.5	839	28.1	2,278	37.0
	32,272	22.4	41,242	19.7	14,245	21.2	17,886	23.7

The gross profit margin arising from exclusive advertising resources is generally higher than that of non-exclusive advertising resources. The higher gross profit margin is primarily due to upfront payment we made to lock up the advertising spaces and less third-party intermediaries were involved in the exclusive arrangement.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Traditional offline media advertising services	25,903	22.2	25,318	15.0	12,136	20.7	10,760	17.4
Online media advertising services	1,958	13.8	5,604	38.7	1,270	23.2	4,848	63.7
PR, marketing campaigns and other services	4,411	34.6	10,320	40.5	839	28.1	2,278	37.0
	32,272	22.4	41,242	19.7	14,245	21.2	17,886	23.7

The gross profit margin of PR, marketing campaigns and other services segment was generally higher than that of traditional offline media advertising services segment and online media advertising services segment because the organisation of PR, marketing campaigns and other services primarily incurs staff costs and other service fees for sound and lighting adjustment, stage design and visual effect display instead of heavy publishing costs incurred for traditional offline and online media advertising services. Our gross profit margin of online media advertising services has increased during the Track Record Period. It was primarily attributable to an increase in the proportion of our revenue from 12306 online ticketing system which accounted for nil, 29.1% and 88.6% of our online media advertising services, respectively, during the Track Record Period. The relatively high gross profit margin for 12306 online ticketing system was due to (i) the exclusivity nature; and (ii) the high utilisation rate. The comparative advantage in securing an exclusivity arrangement on the 12306 online ticketing system would affect our pricing strategy favourably since the price is set on a cost-plus basis after taking into consideration the market condition and at the management's discretion. While the average cost per text message during the Track Record Period was fixed pursuant to the agreement entered into between our Group and Zhongxintong, with the exclusive rights to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system, we enjoyed the flexibility to fix the price per text message charged to our customers for a higher profit margin, and the average price per text message charged to our customers increased by approximately 10.6% for 1H2019, when compared with FY2018. Furthermore, we recorded a high accumulated utilisation rate of approximately 87.4% on the 12306 online ticketing system up to the first half of 2019 calculated by dividing (i) the total accumulated number of text messages sent from the commencement date of the contract up to 30 June 2019 by (ii) the total number of text messages calculated based on the minimum guaranteed amount of RMB4.0 million during the contract period and the fixed price of each text message. The demand for the 12306 online ticketing system services is also on an increasing trend where the number of text messages utilised by our customers has increased by approximately 45.4% for 1H2019, when compared with FY2018. The high utilisation rate with the support of the increasing demand for the 12306 online ticketing system services, as reflected by the quantity of text messages utilised, allowed our Company to charge higher fees to our customers and generate higher gross profit margin.

Our Group's gross profit margin for online media advertising services is affected by a number of factors and will vary with the product mix and the types of projects obtained, i.e. whether our Group played the role of a principal or agency. However, as aforementioned, our Group's relatively high gross profit margin was mainly attributable to the relatively high gross profit margin from 12306 online ticketing system during 1H2019. Thus our Directors believe that as long as our Group is able to secure the exclusive advertising resources on China Railway's 12306 online ticketing system or other online exclusive advertising resources at its existing gross profit margin level, and such advertising resources continue to account for a substantial portion of our Group's online media advertising services, our Group is likely to maintain a relatively high profit margin for its online media advertising services segment. In the event that our Group is unable to secure exclusive online advertising resources with high gross profit margin in the future, our Group's gross profit margin may be adversely affected. Please refer to the section headed "Risk Factors — Risks relating to our business — Our gross profit margins could be affected by various factors such as the commercial terms of the contracts regarding the exclusive advertising resources, our customer mix, the type of services we offered, and competition in the advertising industry etc., which may be out of our control. There can be no assurance that we will be able to maintain our gross profit margins at a stable level in the future, and a decline in our gross profit margins will adversely affect our profitability and financial position" in this prospectus.

Other revenue

The table below sets forth a breakdown of our other revenue during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%
					(unaudited)			
Interest income	147	12.9	208	7.4	94	4.8	114	16.4
Investment income	192	16.9	329	11.8	311	15.9	27	3.9
Government grants								
— Unconditional subsidies	800	70.2	2,261	80.8	1,550	79.3	350	50.4
Others	—	—	—	—	—	—	204	29.3
	1,139	100.0	2,798	100.0	1,955	100.0	695	100.0

Other revenue consisted of (i) interest income; (ii) investment income; (iii) government grants; and (iv) others. Investment income is derived from investment in wealth management products from licensed financial institution in the PRC.

Government grants represented incentive and subsidies granted to our Group in support of our business development, in particular, the listing of the shares of Icon Media on the NEEQ in 2017, which were received in 2018, and in recognition of our Group's financial performance in prior years by local government. Our government grants were non-recurring in nature and were granted on a case-by-case basis.

Others represented the input value-added tax credits in relation to new value-added tax policies announced by the State Taxation Administration, the Ministry of Finance and the General Administration of Customs of the PRC in March 2019. Such policies allow eligible companies to increase their input value-added tax credits by 10% with effect from 1 April 2019 to 31 December 2021.

Other net loss

Other net loss mainly represented the fair value loss of the other financial assets. During FY2018, a fair value loss of RMB1.2 million was recognised with respect to other financial assets, being our equity interests in Guangzhou Longyan Culture Communications Co., Ltd. ("**Guangzhou Longyan**") (representing 20% of the total registered capital). Guangzhou Longyan is a private media company established in the PRC. As advised by our PRC Legal Advisers, the Broadcasting and Television Program Production and Operation Licence, as well as the Film Production Licence would only be granted to PRC domestic enterprises. In anticipation of the Listing and to ensure the smooth operation of Guangzhou Longyan, we disposed of all our interest in Guangzhou Longyan which was completed in January 2019 to the controlling shareholder of Guangzhou Longyan, an Independent Third Party.

Selling expenses

The table below sets forth a breakdown of our selling expenses during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
General advertising expenses	105	3.1	2,360	71.1	1,744	76.6	—	—
Publication cost in relation to the legal proceeding	1,444	42.3	—	—	—	—	—	—
Staff costs	658	19.3	715	21.5	363	15.9	358	29.5
Meeting and travelling expenses	994	29.1	185	5.6	137	6.0	71	5.9
Consultancy fees	25	0.7	—	—	—	—	716	59.0
Others	190	5.5	61	1.8	34	1.5	68	5.6
	3,416	100.0	3,321	100.0	2,278	100.0	1,213	100.0

Our selling expenses mainly consisted of staff costs, meeting and travelling expenses, general advertising expenses, the provision for litigation expenses and consultancy fees. General advertising expenses represented the expenses of our Group's general promotion, including but not limited to the costs incurred on promoting through our own frame displays registered under the brand name Visual Media.

Publication cost in relation to the legal proceeding in 2017 is related to the legal proceeding involving one of our suppliers. The amount of approximately RMB1.4 million represented the fees for advertising service provided by the supplier plus interest under an arrangement between one of our suppliers and Icon Media, which we were ordered to pay according to the judgement of the Shenzhen Futian People's Court. Please refer to the section headed "Business — Legal proceedings" in this prospectus for details.

Consultancy fees mainly represented fees paid to consultancy companies for research reports, in particular, for online advertising industry. The reports include overall trend of advertising industry instead of specific projects and analysis on different advertising platforms. Such research reports provide us with better insight into the trend of advertising industry and help us formulate advertising solutions that could address the needs of our potential customers.

Administrative expenses

The table below sets forth a breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 December				Six months ended 30 June			
	2017		2018		2018		2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Research and development expenses	2,726	41.6	8,146	58.0	1,840	43.2	1,859	11.4
Staff costs	365	5.6	2,174	15.5	1,046	24.6	1,030	6.3
Professional services fee	1,569	23.9	1,319	9.4	285	6.7	165	1.0
Impairment losses of trade and other receivables	11	0.2	521	3.7	202	4.8	1,528	9.3
Office expenses	207	3.1	41	0.3	22	0.5	46	0.3
Rental and utilities expenses	544	8.3	498	3.5	248	5.8	218	1.3
Meeting and travelling expenses	775	11.8	499	3.6	428	10.1	121	0.7
Listing expenses	—	—	142	1.0	—	—	11,175	68.3
Others	362	5.5	709	5.0	185	4.3	230	1.4
	6,559	100.0	14,049	100.0	4,256	100.0	16,372	100.0

Our administrative expenses mainly consist of staff costs, research and development expenses, professional services fee and Listing expenses.

Research and development expenses were primarily incurred on (i) market data acquisition from independent research houses; (ii) software development; and (iii) staff costs for our research and development staff in data base accumulation and maintenance as well as data analytics and consumers' behaviour tracking to generate more precise and effective marketing solutions.

Our professional services fee mainly represented fees to professional parties for the listing of Icon Media's shares on the NEEQ in 2017 and the related fees to maintain listing and prepare to withdraw the listing on the NEEQ in 2018.

Finance costs

Finance costs mainly consisted of interest expenses on lease liabilities and other interest expenses. During the Track Record Period, the interest on lease liabilities were approximately RMB38,000, RMB412,000 and RMB407,000, respectively. Lease liability was initially measured at the present value of the lease payments that was not paid at the commencement date and mainly discounted using our Group's incremental borrowing rate. Our Group's weighted average incremental borrowing rate was 4.8%.

Income tax

Our Group is subject to income tax on an entity basis on profit arising in or deriving from the jurisdiction in which members of our Group domicile or operate.

Cayman Islands/BVI profits tax

Our Group has not been subject to any taxation in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

Hong Kong profits tax

Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profit for the Track Record Period. Our Group has not been subject to any taxation in Hong Kong pursuant to the rules and regulations of Hong Kong.

PRC tax

Under the PRC Enterprise Income Tax Law, our PRC subsidiaries are subject to enterprise income tax at the statutory rate of 25%. For details of the PRC enterprise income tax adopted by our Group, please refer to note 8 of Accountants' Report in Appendix I to this prospectus.

We recorded income tax of approximately RMB5.9 million, RMB6.2 million and RMB2.2 million for FY2017, FY2018 and 1H2019, respectively. Our effective tax rate for each FY2017, FY2018 and 1H2019 was 25.6%, 25.3% and 401.6%, respectively. The effective tax rate increased from 25.3% for FY2018 to 401.6% for 1H2019 because the majority of our listing expenses for 1H2019 were recorded in our Company, which was incorporated in the Cayman Islands and therefore not subject to income tax. Excluding such portion of the listing expenses, our effective tax rate for 1H2019 would be 25.1% and close to the statutory tax rate at 25.0% in the PRC.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all income tax obligations and had no unresolved tax issues or disputes with the relevant tax authorities.

PERIOD-ON-PERIOD COMPARISON OF RESULTS OF OPERATION

1H2019 compared to 1H2018

Revenue

Our revenue increased by approximately RMB8.4 million, or 12.5%, from approximately RMB67.2 million for 1H2018 to approximately RMB75.6 million for 1H2019.

Revenue from our traditional offline media advertising services segment increased slightly by approximately RMB3.2 million, or 5.3%, from approximately RMB58.7 million for 1H2018 to approximately RMB61.9 million for the 1H2019, which was mainly due to the combined effect of:

(i) a significant increase in revenue generated from non-exclusive advertising spaces at shopping malls and commercial buildings by approximately RMB21.9 million from approximately RMB4.5 million for 1H2018 to approximately RMB26.4 million for 1H2019. Such increase was mainly attributable to the new contracts entered into by our Group with one of our top five customers, where it placed advertisements at over 30 shopping malls located in different provinces in the PRC and contributed approximately RMB26.4 million of our revenue generated for 1H2019;

(ii) a decrease in revenue generated from television advertising by approximately RMB14.1 million from approximately RMB14.1 million for 1H2018 to nil for 1H2019, which was mainly due to the reduced demand from television advertising for one of our top five customers, which engaged us mainly for the provision of television advertising services in connection with the "CCTV's National Brand Plan" (CCTV國家品牌計劃) implemented by the China Central Television (CCTV) (the "**National Brand Plan**") during 1H2018, and ceased to engage us for television advertising in 2019 under the influence of the regulatory investigation conducted on the National Brand Plan by the State Administration for Market Regulation in the PRC; and

(iii) a decrease in revenue generated from public transports, including both exclusive and non-exclusive advertising resources, by approximately RMB4.9 million from approximately RMB26.2 million for 1H2018 to approximately RMB21.3 million for 1H2019, which was mainly due to reduced demand for advertising resources of metro television on public transports for one of our major customers, and partially offset by entering new contracts with one of our top five customers, in placing advertisements at our certain exclusive advertising spaces located at Shenzhen Futian Transportation Hub of approximately RMB7.8 million.

Revenue from online media advertising services increased by approximately RMB2.1 million, or 39.3%, from approximately RMB5.5 million for 1H2018 to approximately RMB7.6 million for 1H2019, which was mainly attributable to increase in revenue from our exclusive advertising resources of China Railway's 12306 online ticketing system as a result of higher aggregate utilisation rate during the period.

Revenue from PR, marketing campaigns and other services increased significantly by approximately RMB3.2 million, or 106.0%, from approximately RMB3.0 million for 1H2018 to approximately RMB6.2 million for 1H2019. Such increase was mainly driven by (i) an increase of approximately RMB1.1 million for producing materials for one of our repeated customers; and (ii) approximately RMB1.9 million generated from the Car Debut Project which started in the second half of 2018.

Cost of sales

Our cost of sales increased by approximately RMB4.8 million, or 9.0%, from approximately RMB53.0 million for 1H2018 to approximately RMB57.7 million for 1H2019, which was mainly due to:

(i) an increase in licence fee for our exclusive resources by approximately RMB5.7 million from approximately RMB3.4 million for 1H2018 to approximately RMB9.1 million for 1H2019. Such increase was mainly due to the full period effect of Shenzhen Futian Transportation Hub (commenced in April 2018); and

(ii) a slight decrease in publishing cost for our non-exclusive resources by approximately RMB1.3 million from approximately RMB40.9 million for 1H2018 to approximately RMB39.6 million for 1H2019. Such decrease was mainly due to the decrease in procurement of online non-exclusive advertising resources as number of online advertising projects decreased from 27 for 1H2018 to 15 for 1H2019.

Gross profit and gross profit margin

Our Group's overall gross profit increased by approximately RMB3.6 million, or approximately 25.6%, from approximately RMB14.2 million for 1H2018 to approximately RMB17.9 million for 1H2019, which was mainly due to the increase in revenue generated from our exclusive advertising resources and non-exclusive advertising spaces at shopping malls and commercial buildings.

Our gross profit margin slightly increased by 2.5 percentage points from approximately 21.2% for 1H2018 to approximately 23.7% for 1H2019, which was mainly due to the combined effect of:

(i) a substantial increase in gross profit margin of online media advertising services from approximately 23.2% for 1H2018 to approximately 63.7% for 1H2019. Such increase was primarily contributed by the increase in online media services through our exclusive advertising resources of 12306 online ticketing system;

(ii) an increase in the gross profit margin of PR, marketing campaigns and other services from approximately 28.1% for 1H2018 to approximately 37.0% for 1H2019, which was driven by the Car Debut Project which started in second half of 2018 and contributed approximately RMB1.9 million, representing 30.1% of revenue of PR, marketing campaigns and other services, net off by;

(iii) a decrease in gross profit margin of traditional offline advertising media advertising services from approximately 20.7% for 1H2018 to approximately 17.4% for 1H2019. Such decrease was primarily due to the reduced demand from one of our major customers in placing advertisements to metro television on public transports which had a relative high gross profit margin.

Other revenue

Our other revenue decreased from approximately RMB2.0 million for 1H2018 to approximately RMB0.7 million for 1H2019, representing a decrease of 64.5%. Such decrease was mainly due to the one-off government grants in relation to the listing of the shares of Icon Media on the NEEQ for 1H2018.

Selling expenses

Our selling expenses decreased from approximately RMB2.3 million for 1H2018 to approximately RMB1.2 million for 1H2019, which was mainly due to (i) a decrease in advertising activities to promote our advertising solutions as a result of a higher utilisation rate for our exclusive advertising resources during the period, and net off by (ii) an increase in consultancy fee for research reports.

Administrative expenses

Our administrative expenses increased from RMB4.3 million for 1H2018 to approximately RMB16.4 million for 1H2019. Such increase was primarily due to (i) the listing expenses of approximately RMB11.2 million incurred during the period; and (ii) an increase in impairment loss of trade and other receivables of approximately RMB1.3 million mainly as a result of the impairment loss for amounts due from a third party of approximately RMB1.5 million. For details of the trade and other receivables, please refer to the paragraph headed "— Trade and other receivables" in this section.

Finance costs

Our finance costs increased from approximately RMB120,000 for 1H2018 to approximately RMB407,000 for 1H2019. Such increase was mainly due to the increase in interest on lease liabilities as a result of the full period effect of the licensing arrangements relating to the advertising spaces at Shenzhen Futian Transportation Hub (commenced in April 2018).

Income tax

Our income tax was relatively stable at approximately RMB2.4 million and approximately RMB2.2 million for 1H2018 and 1H2019, respectively.

Profit/(loss) for the period and net profit margin

As a result of the foregoing, we recorded a net loss of approximately RMB1.7 million for 1H2019 as compared with a net profit of approximately RMB6.9 million for 1H2018. We recorded a negative net profit margin of approximately 2.2% for 1H2019 as compared with a net profit margin of 10.3% for 1H2018. The negative net profit margin for 1H2019 was mainly due to the listing expenses of approximately RMB11.2 million incurred during the period. Excluding the listing expenses, the non-HKFRS adjusted net profit margin for 1H2019 would be 12.6% which was higher than that of approximately 10.3% for 1H2018 mainly because of a decrease in the selling expenses and an increase in the gross profit margin as discussed above.

FY2018 compared to FY2017

Revenue

Our revenue increased by approximately RMB65.1 million or 45.3%, from approximately RMB143.8 million for FY2017 to approximately RMB208.9 million for FY2018.

Revenue from our traditional offline media advertising services segment increased by approximately RMB52.2 million, or 44.7%, from approximately RMB116.8 million for FY2017 to approximately RMB169.0 million for FY2018, which was mainly due to the combined effect of:

(i) a substantial growth in revenue generated from TV advertising by RMB55.4 million or 371.8%, from approximately RMB14.9 million for FY2017 to approximately RMB70.3 million for FY2018, primarily due to five new contracts with one of our top five customers, in subscribing TV advertising projects for FY2018;

(ii) a significant increase in revenue derived from shopping malls and commercial buildings, including both exclusive and non-exclusive advertising resources, from approximately RMB5.1 million for FY2017 to approximately RMB15.5 million for FY2018, which was mainly attributable to (a) an increase in revenue generated from our exclusive LCD flat-panel displays and frame displays as a result of expansion of our Visual Media (flat-panel and frame-displays) network commercial buildings; and (b) an increase in number of customers with revenue recognised during the year from 9 in FY2017 to 27 in FY2018;

(iii) an increase in revenue derived from radio of approximately RMB6.6 million from a new customer;

(iv) the slight decrease in revenue from public transportation hubs in the OOH advertising platforms by approximately 16.9% from approximately RMB59.2 million from FY2017 to approximately RMB49.2 million for FY2018, which was mainly due to the reduction in advertising spending of one of our top five customers. The advertising spending was particularly high in FY2017 for this customer because of the celebration of its 20th anniversary; and

(v) the decrease in revenue derived from non-exclusive advertising resources at housing estates and golf club from approximately RMB26.9 million for FY2017 to RMB16.2 million for FY2018, which was mainly due to the reduction in advertising spending of one of our top five customers in housing estates and increase its advertising spending in TV advertising channels.

Revenue from online media advertising services remained stable at RMB14.2 million and RMB14.5 million for FY2017 and FY2018, respectively.

Revenue from PR, marketing campaigns and other services grew significantly by approximately RMB12.7 million, or 99.2% from approximately RMB12.8 million for FY2017 to approximately RMB25.5 million for FY2018. Such increase was mainly due to (i) the increase in the number of sale contracts with revenue recognised during the year from 62 in FY2017 to 136 in FY2018; and (ii) the revenue generated from two large scale marketing events, Chimelong Project in June 2018 and the Car Debut Project in November 2018, which contributed a total of approximately RMB13.7 million in revenue for FY2018.

Cost of sales

Our cost of sales increased by approximately RMB56.2 million or 50.4%, from approximately RMB111.5 million for FY2017 to approximately RMB167.7 million for FY2018, which was mainly due to the combined effect of:

(i) an increase in publishing costs for our non-exclusive advertising resources by approximately RMB40.0 million from approximately RMB92.8 million in FY2017 to approximately RMB132.8 million in FY2018, which was mainly driven by the increase of approximately RMB54.5 million for the procurement of television advertising resources for one of our top five customers;

(ii) an increase in production cost by approximately RMB8.9 million from approximately RMB11.8 million for FY2017 to approximately RMB20.7 million for FY2018, which was mainly contributed by the production costs of approximately RMB4.5 million incurred on a large-scale event of Chimelong Project, which was a joint marketing event between a mobile game and a theme park in the PRC. In the Chimelong Project, we collaborated with several service providers such as production houses for the design and production of promotional materials and design houses for the design and production of VR and CG in order for us to implement innovative marketing techniques to combine the elements of the online game with Chimelong theme park facilities including 4-dimension cinema, VR roller coaster, a fleet of drones to form patterns for promotional purposes, etc.; and

(iii) a substantial growth in licence fee by approximately RMB7.2 million from approximately RMB3.0 million in FY2017 to approximately RMB10.2 million in FY2018 arising from the new exclusive advertising resources secured and located at (a) Shenzhen Futian Transportation Hub; and (b) Guangzhou South Railway Station, the expansion of our Visual Media network in commercial buildings, and the exclusive right to publish advertisements via the journey reminder SMS service of the 12306 online ticketing system in China Railway.

Gross profit and gross profit margin

Our Group's overall gross profit increased by approximately RMB9.0 million, or approximately 27.8%, from approximately RMB32.3 million for FY2017 to approximately RMB41.2 million for FY2018, which was mainly driven by the combined effect of (i) the increase in the revenue of our Group for FY2018; and (ii) the decrease in gross profit margin as discussed below.

Our gross profit margin decreased from approximately 22.4% for FY2017 to approximately 19.7% for FY2018, which was mainly due to the combined effect of:

(i) the decrease in the gross profit margin for the provision of traditional offline media advertising services of approximately 7.2 percentage points for FY2018. The decrease was mainly due to (a) the additional costs incurred in FY2018 for promoting the exclusive advertising resources at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station which were newly secured in FY2018; (b) an increase in the number of television advertising projects undertaken in FY2018, which generally had lower gross profit margin; and (c) a decrease in profit margin arising from the lower bargaining power of advertising for smaller size of projects, which was netted off by;

(ii) the significant increase in gross profit margin of online media advertising services from approximately 13.8% for FY2017 to approximately 38.7% for FY2018, which was due to (a) an increase in the number of advertising projects where we played an agency role, whereby such revenue was recognised on a net basis; and (b) the higher gross profit margin generated from our provision of advertising resources in China Railway's 12306 online ticketing system because of the exclusivity; and

(iii) the increase in the gross profit margin for PR, marketing campaigns and other services of 5.9 percentage points from approximately 34.6% for FY2017 to 40.5% for FY2018. The increase was mainly attributed to our key projects, the Chimelong Project and the Car Debut Project of approximately RMB13.7 million, representing a total of 53.7% of the revenue of PR, marketing campaigns and other services for FY2018.

Other revenue

Our other revenue increased from approximately RMB1.1 million for FY2017 to approximately RMB2.8 million for FY2018, which was mainly attributable to the increase in unconditional government grants of approximately RMB1.5 million for FY2018 to our Group by government authorities in support of the listing of the shares of Icon Media on the NEEQ in 2017.

Other net loss

Our other net loss increased from approximately RMB202,000 for FY2017 to approximately RMB1.5 million for FY2018, which was mainly attributable to the fair value loss of approximately RMB1.2 million of our 20% equity interests in Guangzhou Longyan. The disposal of the relevant equity interests was completed in January 2019.

Selling expenses

Our selling expenses remained stable at RMB3.4 million and RMB3.3 million for FY2017 and FY2018, respectively, which was mainly due to the combined effect of (i) the increase of approximately RMB2.3 million in advertising expenses in promoting our Group and the corresponding potential advertising solutions; net-off by the effect of (ii) the publication costs in relation to a legal proceeding of approximately RMB1.4 million which was an one-off item recognised only in FY2017.

Administrative expenses

Our administrative expenses increased from approximately RMB6.6 million for FY2017 to approximately RMB14.0 million for FY2018. Such increase was mainly resulted from (i) an increase in staff cost of approximately RMB1.8 million for FY2018 as our management were heavily involved in the research and development on additional features and functionality of our new software, hence the relevant staff costs were allocated to research and development expenses in FY2017; and (ii) increase in research and development expenses of approximately RMB5.4 million for FY2018 as our Group collaborated with a software development company to develop a tailor-made software for data mining and maintenance, and regular market data acquired from a research company, which includes information on about different advertising resources utilised by advertisers from specific industries in various locations.

Finance costs

Our finance costs increased from approximately RMB38,000 for FY2017 to approximately RMB485,000 for FY2018. Such increase was mainly due to an increase in interest on lease liabilities, resulting from the new licensing arrangements of advertising spaces located at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station.

Income tax

Our income tax increased from approximately RMB5.9 million for FY2017 to approximately RMB6.2 million for FY2018. The effective tax rate was 25.6% and 25.3% for FY2017 and FY2018, respectively. The increase in income tax expense was mainly due to the increase of taxable profit, whilst the effective tax rate remained stable and close to the statutory tax rate of 25%.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year increased by approximately 6.9%, from approximately RMB17.3 million for FY2017 to approximately RMB18.5 million for FY2018. Our net profit margin was approximately 12.0% and 8.8% for the two years ended 31 December 2018, respectively. The lower net profit margin for FY2018 was the result of the combined effect of (i) increase in administrative expenses of approximately RMB7.5 million; and (ii) the increase in gross profit of approximately RMB9.0 million for the year.

LIQUIDITY AND CAPITAL RESOURCES

Our business operation depends on sufficiency of working capital to secure valuable advertising resources for our customers, effective cost management and management of our workforce. Our source of funds for our operations during the Track Record Period mainly came from our internally generated funds. Upon Listing, our source of funds will be a combination of internally generated funds and net proceeds from the Share Offer.

Cash flows

The following table sets forth a summary of our cash flows for the period indicated:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Operating cash flow before changes in working capital	23,336	33,170	11,391	7,369
Net cash used in operating activities	(1,118)	(1,712)	(22,507)	(7,328)
Net cash (used in)/generated from investing activities	(20,683)	15,160	13,248	1,039
Net cash generated from/(used in) financing activities	19,435	(5,667)	(1,768)	8,542
Net (decrease)/increase in cash and cash equivalents	(2,366)	7,781	(11,027)	2,253
Cash and cash equivalents at the beginning of year/period	30,593	28,227	28,227	36,008
Effect of exchange rate changes	—	—	—	(60)
Cash and cash equivalents at the end of year/period	28,227	36,008	17,200	38,201

Net cash used in operating activities

Our cash inflow from operating activities primarily arose from the receipts from the provision of advertising services to our customers, and our cash outflow from operating activities primarily arose from the payment of licence fees for our exclusive advertising resources, publishing costs for non-exclusive advertising resources and production cost for content, stage design, visual effect display and etc..

We recorded a negative operating cash flow of approximately RMB1.1 million, RMB1.7 million and RMB7.3 million for FY2017, FY2018 and 1H2019 , respectively. This was primarily due to the increase in trade and other receivables of approximately RMB14.5 million and RMB38.4 million during FY2017 and FY2018, respectively, and the decrease in trade and other payables of approximately RMB6.1 million for 1H2019 excluding dividend payables and payables arising from the Reorganisation which was not part of our operating activities. In particular, to maintain amicable relationship with our customers, we generally grant credit period to our customers whereas, in line with the industry norm, we are generally required to make prepayments to our suppliers to secure the advertising spaces and to maintain exclusivity of various valuable advertising resources. We are also required to make upfront payment as licensing fees. The credit periods granted by our suppliers are also generally shorter than the credit periods we generally grant to our customers. As such, there are often time lags between making payments to our suppliers and receiving payments from our customers, which results in cash flow mismatch. In particular, during 1H2019, our average trade receivable turnover days is significantly longer than our average trade payable turnover days for the same period by 85.4 days. Therefore, it is essential for us to improve our liquidity and financial position. For details, please refer to the section headed "Statement of Business Objectives and Use of Proceeds — Reasons for the Share Offer" in this prospectus.

Net cash (used in)/generated from investing activities

For FY2017, we recorded a net cash used in investing activities of approximately RMB20.7 million primarily as a result of the combined effect of (i) the proceeds from disposal of other financial assets of approximately RMB58.5 million; (ii) the payments for purchase of other financial assets of approximately RMB76.5 million; and (iii) payments for purchase of right-of-use assets of approximately RMB1.7 million.

For FY2018, we recorded a net cash generated from investing activities of approximately RMB15.2 million primarily as a result of the combined effect of (i) the proceeds from disposal of other financial assets of approximately RMB52.0 million; and (ii) payments for the purchase of other financial assets of approximately RMB37.0 million.

For 1H2019, we recorded a net cash generated from investing activities of approximately RMB1.0 million as a result of the combined effect of (i) proceeds from disposal of other financial assets of approximately RMB6.8 million including RMB5.0 million financial products with licensed bank and approximately RMB1.8 million consideration received from the disposal of equity interests in Guangzhou Longyan; (ii) payments for purchase of other financial products from licensed bank of approximately RMB5.0 million; and (iii) payments for purchase of property, plant and equipment of approximately RMB0.8 million.

Net cash generated from/(used in) financing activities

For FY2017, net cash generated from financing activities was approximately RMB19.4 million, mainly due to receipt of net proceeds from the listing of Icon Media on the NEEQ on 14 March 2017 amounting to approximately RMB19.6 million.

For FY2018, net cash used in financial activities was approximately RMB5.7 million, primarily due to payment of lease liabilities of approximately RMB5.6 million.

For 1H2019, we recorded a net cash generated from financing activities of approximately RMB8.5 million, primarily due to capital injection from controlling shareholder of approximately RMB12.3 million during the Reorganisation and net off by payment of lease liabilities of approximately RMB2.6 million.

Net (decrease)/increase in cash and cash equivalents

Our net cash movement significantly improved from a net cash outflow of approximately RMB2.4 million for FY2017 to a net cash inflow of approximately RMB7.8 million for FY2018 and a net cash inflow of approximately RMB2.3 million for 1H2019. While timing difference of payments to our suppliers and receipts from our customers had a significant impact on our working capital position and also our net cash movement during the Track Record Period, our Group has adopted and will continue to adopt the following measures to avoid imposing undue pressure on our working capital and improve our liquidity:

1. Our Group will closely communicate with our suppliers and customers to monitor the collection of receivables and the payment of payables to maintain better cashflow position. During the Track Record Period, while there was provision made on doubtful debt of approximately RMB82,000 as at 31 December 2017, RMB603,000 as at 31 December 2018 and RMB2.1 million as at 30 June 2019, our Group has not written off any bad debt as a result of the proved recoverability of our trade receivables;

2. Our management will continue to negotiate more favorable terms with our suppliers to lower the amount of upfront licence fees for our exclusive advertising resources and the proportion of our prepayment to suppliers of our non-exclusive advertising resources. In negotiating the amount of upfront payments to be made to our suppliers and the number of projects we undertake, our Group takes into account our demand from existing and potential customers, cash position and availability of external funding. In December 2018, we extended our payment and contract period with Zhongxintong, the supplier of the 12306 online ticketing system. In May 2019, our management was able to negotiate a new form of exclusive contract with one of our suppliers where we are not required to make upfront payment to become an exclusive agent for our customers in the industry sectors of property and tourism in respect of certain advertising spaces at Guangzhou South Railway Station;

3. Our Group compiles cashflow and sales forecasts regularly to assist the management to monitor our cash position and to determine the amount of payment we are able to make to secure advertising spaces for our customers and to ensure smooth operation of our Group; and

4. Our Group will identify and look for alternative funding sources to sustain and expand our business operation, when necessary. Our Group believes that the proceeds generated from the Share Offer will strengthen our working capital. For details, please refer to the section headed "Statement of Business Objectives and Use of Proceeds — Reasons for the Share Offer" in this prospectus.

Net current assets

The table below sets out our net current assets as at 31 December 2017 and 2018, 30 June and 31 October 2019, being our latest practicable date for the indebtedness statement, respectively.

	As at 31 December		**As at 30 June**	**As at 31 October**
	2017	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)
Current assets				
Other financial assets	15,000	1,775	—	—
Trade and other receivables	27,873	67,077	103,075	49,103
Restricted deposits with a bank	—	7,342	7,342	7,342
Cash and cash equivalents	28,227	36,008	38,201	12,294
	71,100	112,202	148,618	68,739
Current liabilities				
Trade and other payables	13,775	33,966	107,868	19,734
Contract liabilities	5,713	4,188	1,700	4,514
Lease liabilities	600	8,632	10,076	6,392
Current taxation	5,411	4,729	—	—
	25,499	51,515	119,644	30,640
Net current assets	45,601	60,687	28,974	38,099

Our net current assets increased by approximately 33.1% from approximately RMB45.6 million as at 31 December 2017 to approximately RMB60.7 million as at 31 December 2018, primarily due to an increase in trade receivables of approximately RMB40.4 million arising from (i) the increase in revenue of approximately RMB65.1 million for FY2018; and (ii) the increase in average trade receivables turnover days from 36.8 days for FY2017 to 69.9 days for FY2018; net off by the increase in trade and other payables of approximately RMB20.2 million.

Our net current assets significantly decreased from approximately RMB60.7 million as at 31 December 2018 to approximately RMB29.0 million as at 30 June 2019, primarily due to the increase in trade and other payables of approximately RMB73.9 million mainly arising from declaration of dividend of RMB30.0 million in April 2019 and payable to then shareholders of approximately RMB48.7 million arising from the Reorganisation; net-off by the increase in trade and other receivables of approximately RMB36.0 million mainly due to the receivables from shareholders of approximately RMB36.4 million arising from the Reorganisation.

Our net current assets increased to approximately RMB38.1 million as at 31 October 2019, primarily due to the decrease in trade and other payables of approximately RMB88.1 million and offset by (i) the decrease in trade and other receivables of approximately RMB54.0 million; and (ii) the decrease in cash and cash equivalents of approximately RMB25.9 million.

Working capital sufficiency

Our Directors confirm that, taking into consideration the financial resources presently available to us, including our internal resources and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Statement of Business Objectives and Use of Proceeds" in this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Right-of-use assets

The right-of-use assets represented the lease of the certain advertising spaces and billboards under non-cancellable operating leases, which included (i) office and (ii) advertising spaces and billboards which we licensed from the owners. An increase in net book value of right-of-use assets from approximately RMB3.1 million as at 31 December 2017 to approximately RMB15.4 million as at 31 December 2018 was mainly due to the exclusive licensing arrangements for advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station which became effective in 2018. The net book value of right-of-use assets decreased from approximately RMB15.4 million as at 31 December 2018 to approximately RMB10.7 million as at 30 June 2019 which was due to the depreciation incurred during the period.

Other financial assets

The following table sets forth a summary of our other financial assets as at the dates indicated:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Financial assets at fair value through profit or loss			
Unlisted equity securities	3,000	—	—
Current			
Financial assets at fair value through profit or loss			
Wealth management products	15,000	—	—
Unlisted equity securities	—	1,775	—
	15,000	1,775	—

Our unlisted equity securities represented the 20% unlisted equity interests in Guangzhou Longyan, a media company in the PRC which we did not have control or significant influence. Guangzhou Longyan is a private media company established in the PRC. As advised by our PRC Legal Advisers, the Broadcasting and Television Program Production and Operation Licence, as well as the Film Production Licence would only be granted to PRC domestic enterprises. In anticipation of the Listing and to ensure the smooth operation of Guangzhou Longyan, we disposed of all our interest in Guangzhou Longyan which was completed in January 2019 to the controlling shareholder of Guangzhou Longyan, an Independent Third Party, at a consideration of approximately RMB1.8 million.

Our wealth management products were purchased from a licensed financial institution in the PRC during FY2017, FY2018 and 1H2019 . As at 31 December 2017, the balance represented the wealth management products with the principal amount of approximately RMB15.0 million, which was 100% guaranteed with floating expected annual return rate from 2.9% to 3.0%. As at 31 December 2018 and 30 June 2019, our Group has withdrawn all the wealth management products from the licensed financial institution.

Internal control measures in relation to wealth management products

In respect of our investments in wealth management products, we have implemented internal control measures to monitor and control our investment risks and adopted the treasury policy which set out the framework for managing our financial assets. Our investment decision is made on a case by case basis after due and careful consideration of a number of factors, including the investment amount, the duration of investment, credibility of financial institutions, the level of risk exposure, the available investment vehicles, the purchase cost of the instrument, the potential benefit and loss of the instrument and the expected market trends.

Our treasury policy includes, among other things, (i) investment should be undertaken only in situations where our Group have surplus cash not required for our short-term working capital purposes; (ii) investments in high-risk products are not permitted; and (iii) criteria for selecting investments to be considered by our senior management include duration of investment, liquidity, risk and expected yield.

Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the executive director, financial controller and our Board, and monitoring the investments on a continuous basis. We primarily invest in low risk investment products with relatively stable returns at licensed banks or financial institutions when our cash balance is sufficient for our Group's capital expenditure and working capital for operations. Investment decisions are recommended by our finance department, which are passed to the executive director for approval. Where an investment amount amounts to RMB1.0 million or more, our Board's approval is sought after the executive director has expressed his endorsement of the proposed investment. Further, during the term of the investment products, the finance department is responsible for monitoring and recording the returns generated from the investment products on daily basis and preparing a monthly report for the financial controller to review. We will keep in close contact with the licensed financial institution who issued the investment products, monitor the performance of the investment products, strengthen risk control and supervision, and strictly control the safety of funds.

Going forward, we plan to strictly implement our investment and treasury policy and, as part of our investment and treasury management, may continue to invest in wealth management products that meet our criteria where we believe to be prudent after the Listing.

Trade and other receivables

The following table sets forth the breakdown of trade and other receivables as at the dates indicated:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade debtors	19,865	60,817	59,667
Less: Allowance for doubtful debts	(82)	(603)	(631)
Subtotal	19,783	60,214	59,036
Prepayments for media costs	7,583	3,119	929
Rental and services deposits	430	3,660	2,624
Amounts due from a third party	—	—	1,500
Receivable from shareholders in Reorganisation	—	—	36,407
Deferred listing expenses	—	47	3,577
Advance payments of income tax	—	—	381
Others	77	37	121
less: loss allowance of other receivable	—	—	(1,500)
Subtotal	8,090	6,863	44,039
	27,873	67,077	103,075
Non-current			
Prepayment for right-of-use assets	1,680	—	—
Services deposits	1,000	—	—
Others	256	—	—
	2,936	—	—

Trade receivables

During the Track Record Period, our trade receivables primarily consisted of balances due from our independent and related customers of trade nature, less provision for expected credit loss, for provision of services to them. Our trade receivables net of allowance of doubtful debts increased from approximately RMB19.8 million as at 31 December 2017 to approximately RMB60.2 million as at 31 December 2018. Such increase was primarily due to the increase in our revenue and the average trade receivables turnover days. Our trade receivables net of allowance of doubtful debts was relatively stable at RMB59.0 million as at 30 June 2019.

The following set forth the breakdown of trade receivables net of allowance for doubtful debts by nature as at the dates indicates:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from customers	17,396	56,894	57,064
Trade receivables from related parties(trade nature)	2,387	3,320	1,972
	19,783	60,214	59,036

Our Group generally provides credit periods ranging from 15 days to 180 days from the date of billing depending on the client's creditworthiness and the length of the business relationship. We seek to maintain a strict control over our outstanding receivables and has a team monitoring it to control the credit risks. We take into consideration of the ageing of the receivables balance, debtor credit-worthiness, and historical write-off. If the financial condition of debtors deteriorate, additional allowance for expected credit loss may be required. Overdue balances are reported to members of the senior management on a periodic basis.

The following table sets forth the aging analysis of our gross trade receivables, as at the dates indicated:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	19,583	32,732	50,964
Less than 3 months past due	—	25,875	7,900
Over 3 months but less than 9 months past due	282	886	607
Over 9 months but less than 12 months past due	—	1,324	14
Over 12 months but less than 24 months past due	—	—	182
	19,865	60,817	59,667

Gross trade receivables that were past due relate to a number of independent customers that had a good track record with us. As of 31 December 2018, trade receivables that were past due included primarily an amount due from one of our top five customers which was an advertising agent of various international and national brands, of approximately RMB20.3 million. As confirmed by our Directors, the collection of receivables from advertising agents was usually slower than that from our direct customers because advertising agents were not the ultimate advertisers and had to liaise with different brand owners. As we had a good business relationship with these customers and they had no history of default, our Directors are of the view that, other than the loss allowance recorded, no additional provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality. Our Group has been maintaining close communication with our customers to monitor the collection of our receivables. As at the Latest Practicable Date, the amount due from this top customer had been fully settled, and a total of approximately 97.7% of our trade receivables as at 30 June 2019 had been subsequently settled.

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

	Year ended 31 December		Six months ended 30 June
	2017	**2018**	**2019**
Average trade receivables turnover days *(note 1)*	36.8	69.9	142.7
Average trade receivables turnover days — excluding trade receivables from related parties (trade nature) *(note 2)*	36.6	72.8	141.9

Notes:

1. Average trade receivables turnover days are calculated as the average of the beginning and ending trade receivables in a period, divided by our revenue for the same period, multiplied by 365 days/181 days.

2. Average trade receivable turnover days — excluding trade receivables from related parties (trade nature) are calculated as the average of the beginning and ending trade receivables excluding trade receivables from related parties (trade nature) in a period, divided by our revenue excluded the revenue from related parties for the same period, multiplied by 365 days/181 days.

Our average trade receivables turnover days increased from approximately 36.8 days for FY2017 to approximately 69.9 days for FY2018. The increase in average trade receivables turnover days was mainly attributed to (i) our higher revenue generated close to the year end of 2018 compared with the same period of 2017 resulting in a higher trade receivable balance as at 31 December 2018; (ii) the increase of agency revenue for certain internet advertising customers, which was recognised on a net basis in the consolidated statements of profit or loss while the corresponding trade receivables were recorded on a gross basis in the consolidated statements of financial position; assuming our Group acted as principal for all of its projects for the provision of online media advertising services, the revenue on a gross basis would be approximately RMB28.2 million in FY2017 and approximately RMB70.5 million in FY2018, representing an increase of approximately 150.0% in online media advertising revenue; (iii) longer credit terms were generally granted to online customers because time was needed upon publication of advertisements to summarise the results of advertisements by these customers as common practice in the market (for example, to summaries the total number of impression reached) during the publication period; and (iv) the increase in the proportion of the revenue from advertising agents from approximately 5.6% of total revenue in FY2017 to approximately 15.9% of the total revenue in FY2018. The collection of receivables from advertising agents was generally slower for the reasons discussed above.

Our average trade receivables turnover days further increased from 69.9 days for FY2018 to 142.7 days for 1H2019, which was mainly due to longer credit periods (up to approximately 220 days) granted to certain customers which were advertising agents with outstanding gross receivables of approximately RMB42.1 million as at 30 June 2019. As confirmed by our Directors, the ultimate advertisers of two of these advertising agents were reputable national enterprises in liquor and jewellery industries. It was the first time for us to provide advertising solutions to such customers and our Directors believe that such experience could enable us to expand our clientele and tap into these new industry sectors to capture market share. According to the iResearch Report, advertising industry in the PRC is highly fragmented, competitive, and highly correlated to macroeconomics. As the economic growth in the PRC has been slowing down, advertisers are expected to reduce their advertising budgets. Therefore, our Directors consider that granting a longer credit period is one of our strategies to attract potential customers, maintain our competitiveness and retain business relationships with our customers and advertisers. In addition, as mentioned above, the collection of receivables from advertising agents was usually slower. As at the Latest Practicable Date, the amounts due from those customers had been fully settled.

In spite of our increasing trade receivables turnover days during the Track Record Period, our Group did not record any write-off, which was largely due to the success of a series of internal control measures adopted by our Group in order to minimise the credit risk exposure arising from trade receivables from our customers including:

1. our sales and marketing and media operation departments will conduct a preliminary evaluation to assess the creditworthiness of our customers with reference to a number of factors, including their corporate background, reputation, industry performance and background of ultimate advertisers. Credit period in respect of each customer will be assigned after our management approval;

2. Our finance department is responsible for closely monitoring the aging and recoverability of trade receivables on a monthly basis;

3. When settlement is received from customers, our finance department would reconcile the amount received with the relevant invoices being settled;

4. When overdue payment is identified, our finance department will notify our management and media operation department to contact relevant customers immediately to understand the settlement status. The media operation department will closely monitor the collection of outstanding receivables by taking various follow-up actions such as telephone calls, sending payment reminders, and visiting customers;

5. In order to ensure adequate provisions for impairment loss are made for irrecoverable amounts, our finance department maintains close communication with media operation department to understand the settlement status. The finance department will assess the risk level involved based on the relevant customer's payment history, length of relationship and financial position; and

6. If we are unable to contact the customers or are aware of indicators in customers' inability to settle such payments after repeated reminders, we will suspend provision of services to such customers and may initiate legal action against the defaulted customers with the approval from our executive Directors and/or chief executive officer.

Prepayments for media costs

Prepayments for media costs represented advance payments to suppliers in relation to advertising resources such as 12306 online ticketing system, our exclusive online media advertising resources. Prepayments for media resources costs decreased from approximately RMB7.6 million as at 31 December 2017 to approximately RMB3.1 million as at 31 December 2018 and further decreased to approximately RMB0.9 million as at 30 June 2019, primarily due to the subsequent utilisation during the Track Record Period of the upfront payment prepaid to certain suppliers for placement of our customers advertisements on the advertising platforms.

Rental and services deposits

Rental and services deposits represented deposits to secure advertising resources and for our office premises. Rental and services deposits increased from approximately RMB0.4 million as at 31 December 2017 to approximately RMB3.7 million as at 31 December 2018. Such increase was mainly due to the new licensing deposits for the advertising spaces at Shenzhen Futian Transportation Hub and Guangzhou South Railway Station. Rental and services deposits then decreased to RMB2.6 million as at 30 June 2019 primarily due to the completion of a contract with one of our suppliers for the rights to publish our customers' advertisements on LCD screens installed in subway terminals in Shanghai and inside the carriage of trains in Shanghai.

Amounts due from a third party

Amounts due from a third party represented the amount to be received by our Group from an Independent Third Party in relation to a lantern carnival, showcasing lantern displays to celebrate the Chinese New Year, held in Zhangjiakou, Hebei province, in 2019. As confirmed by our Directors, our Group would be able to expand business coverage and promote our Group by joining the carnival as it was our first time to tap into Hebei province for PR, marketing campaign and other services business. Pursuant to the agreement, our Group co-operated with an Independent Third Party and would contribute approximately RMB1.5 million for venue decoration, promotion activities of the event and operation. The fund would be returned to us after the event was finished. As at the Latest Practicable Date, the carnival had been completed but the fund had not yet been returned, hence loss allowance on the whole amount had been provided for.

Receivable from shareholders in Reorganisation

Receivable from shareholders in Reorganisation represented the aggregate amount of approximately RMB36.4 million due from Shining Icon, Master Connection and Focus Wonder with respect to our Company's share issuance during 1H2019, and such amounts were settled in August 2019. Please refer to section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus for details.

Deferred listing expenses

Deferred listing expenses represented expenses which are expected to be recognised directly as a deduction from equity upon the Listing. Deferred listing expenses increased from approximately RMB47,000 as at 31 December 2018 to approximately RMB3.6 million as at 30 June 2019, which was primarily because more listing expenses were incurred during 1H2019.

Prepayment for right-of-use assets

Prepayment for right-of-use assets represented the advance payment in acquiring the right-of-use assets upon signing of contract and before the licence right becomes effective in January 2018.

Restricted deposits with a bank

Restricted deposits with a bank of approximately RMB7.3 million as at 31 December 2018 and 30 June 2019 were made pursuant to an order imposed by Shenzhen Futian People's Court dated 6 June 2018 in relation to a legal proceeding. Please refer to the section headed "Business — Legal proceedings" in this prospectus for details.

Trade and other payables

The following table sets forth the breakdown of trade and other payables as at the dates indicated:

	As at 31 December		**As at 30 June**
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	8,488	22,725	13,840
Other tax payables	2,332	4,276	675
Payroll payable	932	1,093	522
Accruals for litigation compensation	1,640	1,709	1,743
Payable to then shareholders in Reorganisation	—	—	48,731
Dividends payable	—	—	30,000
Other payables to controlling shareholder	—	—	1,321
Others	383	4,163	11,036
	13,775	33,966	107,868

Trade payables

Our trade payables represented amounts payable to our suppliers and related parties for the provision of advertising resources to us. Our trade payables increased by approximately 167.1%, from RMB8.5 million as at 31 December 2017 to approximately RMB22.7 million as at 31 December 2018, which was primarily due to the increase in cost of sales in FY2018. Our trade payables decreased to RMB13.8 million as at 30 June 2019, which was mainly due to the subsequent settlement of trade payables.

The following table sets forth the breakdown of trade payables by nature at the dates indicated:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Trade payables to suppliers	8,458	22,519	13,150
Trade payables to related parties (trade nature)	30	206	690
	8,488	22,725	13,840

During the Track Record Period, our suppliers granted credit terms ranging from 10 days to 120 days to us. The following table sets out the ageing analysis of our trade payables (based on the dates of invoices) as at the dates indicated:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	7,034	17,073	5,379
1 to 3 months	3	4,278	4,015
Over 3 months	1,451	1,374	4,446
	8,488	22,725	13,840

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

	Year ended 31 December		Six months ended 30 June
	2017	2018	2019
Trade payable turnover days *(note)*	40.7	34.0	57.3

Note: Trade payable turnover days are calculated as the average of the beginning and ending trade payables in a period divided by cost of sales for the same period, and multiplied by 365 days/181 days, as applicable.

Our trade payable turnover days were approximately 40.7 days, 34.0 days and 57.3 days for FY2017, FY2018 and 1H2019, respectively, which fell within the range of credit periods granted by our Group's suppliers.

Trade payables that were aged over three months included primarily an amount due to one of our major suppliers of approximately RMB2.2 million as at 30 June 2019. The supplier provided us frame displays and LCD screens located at shopping malls and commercial buildings with various locations which were utilised by one of our top five customers. As confirmed by our Directors, since it was a large and long duration project and we have a long business relationship with this supplier, our Group was able to negotiate better credit terms. As at the Latest Practicable Date, approximately 88.8% of our trade payables that aged over three months had been settled and approximately RMB8.7 million or 63.2% of our trade payables outstanding as at 30 June 2019 had been subsequently settled. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no material default in payment of trade payables.

Other tax payables

Other tax payables mainly represented value-added tax. Our other tax payables increased from approximately RMB2.3 million as at 31 December 2017 to approximately RMB4.3 million as at 31 December 2018. The increase in other taxes payable was driven by our increase in revenue and cost of sales in FY2018. Other tax payables decreased to approximately RMB0.7 million as at 30 June 2019, which was primarily due to the reduction of value-added tax payable as a result of the additional 10% input value-added tax credits which was allowed for eligible companies as announced by the PRC government in March 2019 with effect from 11 April 2019, and more revenue generated in December 2018 as compared to that in June 2019.

Accruals for litigation compensation

Accruals for litigation compensation mainly represent the amounts that were payable by our Group to one of our suppliers, which instituted a legal action against the Icon Media on 8 December 2017 in relation to a contractual dispute involving the payment of certain advertising fee. The amount being claimed by the supplier was approximately RMB7.3 million. On 6 June 2018, the Shenzhen Futian People's Court ordered that Icon Media should pay an aggregate sum of approximately RMB1.6 million together with interests to the supplier. In September 2018, the supplier filed an appeal with the Shenzhen Intermediate People's Court against the decision by the Shenzhen Futian People's Court. As at the Latest Practicable Date, no decision had been made by the Shenzhen Intermediate People's Court. Please refer to the section headed "Business — Legal proceedings" in this prospectus.

Payable to then shareholders in Reorganisation

Payable to then shareholders in Reorganisation represented the consideration payables of approximately RMB48.7 million for the transfer of equity interests in Icon Media during the Reorganisation. As confirmed by our Directors, such amount was settled in August 2019. Please refer to the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus for details.

Other payables to controlling shareholders

Our other payables to controlling shareholders was non-trade in nature, unsecured, interest-free and have no fixed term of repayment which mainly represented a portion of listing expenses paid by Mr. Chow on behalf of our Group. As confirmed by our Directors, such amount was settled in August 2019.

Contract liabilities

Contract liabilities are recognised when the customer pays consideration before our Group recognises the related revenue. A contract liability would also be recognised if our Group has an unconditional right to receive consideration before our Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Services fee received in advance from customers	5,713	4,188	1,700

INDEBTEDNESS

As at 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement in this prospectus, our Group had outstanding indebtedness of two lease liabilities amounting to approximately RMB7.8 million.

Save as disclosed above and otherwise disclosed in this prospectus, as at 31 October 2019, being the latest practicable date for the purpose of the indebtedness statement in this prospectus, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance, acceptance credits, debentures, mortgages, pledges, charges, finance leases or hire purchase commitments or guarantees. As at the Latest Practicable Date, we did not have any banking facilities.

Our Directors confirm that (i) there has not been any material change in our indebtedness since 31 October 2019 up to the Latest Practicable Date; and (ii) there was not material default in payment of our trade and non-trade payables, nor did we breach any relevant finance covenants, during the Track Record Period.

CONTINGENT LIABILITIES

On 8 December 2017, one of our suppliers launched a lawsuit against Icon Media due to a contractual dispute with respect to payment of advertising fee. The plaintiff claimed to receive a total sum of RMB7.3 million in connection with payment of the advertising fee, interests and damages and therefrom from Icon Media. On 26 January 2018, pursuant to the order from the court, a bank deposit of RMB7.3 million was frozen. On 6 June 2018, the Shenzhen Futian People's Court ordered that Icon Media pay to the supplier the amount of approximately RMB1.6 million together with interests within 10 days of the judgement. An appeal was filed against the decision. As at 31 October 2019 and up to the Latest Practicable Date, the Shenzhen Intermediate People's Court had yet to make a decision on the appeal. According to the advice of Hylands Law Firm, the PRC legal counsel of our Company, the decision of the Shenzhen Futian People's Court would probably be upheld by the Shenzhen Intermediate People's Court. Our Directors are of the view that Icon Media will not be ordered to pay any amount in addition to the sum of approximately RMB1.6 million plus interest as stated in the decision made by the

Shenzhen Futian People's Court. As such, no further provision has therefore been made in respect of this claim. Please refer to the section headed "Business — Legal proceedings" in this prospectus for further details.

OFF-BALANCE SHEET ARRANGEMENT

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

TRANSACTIONS WITH RELATED PARTIES

We had the following transactions with related parties during the Track Record Period:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Rendering media services to:				
— Imperial Springs International Co., Ltd.	5,744	12,463	6,978	316
— Imperial Springs Centre for Health Management	—	38	—	13
— Imperial Springs Health Hospital (Guangzhou) Co., Ltd.	—	—	—	11
— Kingold Group Co., Ltd.	1,825	471	83	690
— Guangzhou Kingold Property Co., Ltd.	479	4,817	834	659
— Guangdong Huaxing Bank Co., Ltd.	2,380	2,181	1,087	1,085
— Guangdong Chaohuang Restaurant Co., Ltd.	—	93	92	—
— Guangzhou Dongqi Real Estate Development Co., Ltd.	9,395	2,115	718	159
— Guangdong Foreign Business Center	—	491	—	—
— Guangzhou Asia-Pacific International Club	—	20	—	—
	19,823	22,689	9,792	2,933

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Procurement of media resources from:				
— Guangzhou Kingold Property Co., Ltd.	2,178	2,421	1,162	1,222
— Guangzhou Asia-Pacific International Club	66	39	9	18
	2,244	2,460	1,171	1,240
Receipt of rental and property management services from:				
— Kingold Group Co., Ltd.	424	800	403	401
— Guangzhou Kingold Property Co., Ltd.	129	268	128	133
	553	1,068	531	534

Please refer to note 26(c) of the Accountants' Report set out in Appendix I to this prospectus for our related party balances as at 31 December 2017 and 2018 and 30 June 2019, respectively.

Our Directors confirm that the related party transactions entered into during the Track Record Period were entered into after arm's length negotiations, fair and reasonable, on normal commercial terms and were not more favourable to those offered by our Group to other Independent Third Parties for transactions of similar nature. Based on the foregoing, our Directors are of the view that the aforesaid related party transactions would not distort our financial results during the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

Each of Chaohuang Restaurant, Guangdong Foreign Business Center, and Asia-Pacific Club is a majority-controlled company indirectly held by Mr. Chau, father of Mr. Chow, our Controlling Shareholder, executive Director and Chairman of the Board. Save for Guangdong Huaxing which is held as 20% by KINGOLD, and the aforesaid companies, the above are related subsidiaries of KINGOLD, which is a majority-controlled company of Mr. Chau. The principal business activities of KINGOLD Group include property development and consultancy services.

Rendering media services

For the media advertising services provided to the related parties aforementioned above, our scope of services include but not limited to sourcing of advertising resources, placement of advertisements and strategic planning in relation to brand promotion of hotels, restaurants, residential and commercial properties developed by KINGOLD Group. Such advertisements were placed on various online platforms such as web portals, social media and apps, namely Tencent Da Yue Wang (騰訊大粵網), Souhu Jiaodian (搜狐焦點), Wangyi Fangchan (網易房產), WeChat, Xiaohongshu (小紅書) and Baidu App, and media resources such as LCD flat-panel displays and frame displays located at elevators and lobbies in commercial buildings owned by independent third parties and shopping malls, commercial buildings and housing estates owned by KINGOLD Group. In addition, we also assisted our related parties in organising and executing marketing campaigns such as restaurant opening ceremony operated by Chaohuang Restaurant, festivals and events. We recognised related-parties revenue of approximately RMB19.8 million for FY2017, approximately RMB22.7 million for FY2018 and approximately RMB2.9 million for 1H2019, representing approximately 13.8%, 10.9% and 3.9% of total revenue for FY2017, FY2018 and 1H2019 , respectively.

The fees payable and the salient terms (including, but not limited to, the scope and nature of the advertising services provided) in respect of media advertising services provided are in-line with comparable agreements in terms of services entered into by our Group, our Directors confirm that the transactions with KINGOLD Group, which are determined after arm's length negotiations between our Group and KINGOLD Group, are fair and reasonable, on normal commercial terms and are not more favourable to those offered by our Group to other Independent Third Parties in contracts of similar nature.

Procurement of media resources

For the procurement of media resources, Guangzhou KINGOLD and Asia-Pacific Club provided various advertising platforms and materials to our Group such as LCD flat-panel displays and frame displays located inside elevators and at lobbies of commercial buildings, residents estates and a golf club. We recognised related-parties costs of procurement of approximately RMB2.2 million for FY2017, approximately RMB2.5 million for FY2018 and approximately RMB1.2 million for 1H2019, representing 2.0%, 1.5% and 2.1% of the total cost of sales for FY2017, FY2018 and 1H2019 .

The fees payable and the salient terms in respect of media advertising resources procured are determined after arm's length negotiations between our Group and Guangzhou KINGOLD and Asia-Pacific Club, are fair and reasonable, on normal commercial terms and are not more favourable to those offered to our Group by other Independent Third Parties in contracts of similar nature.

Receipt of rental and property management services

During the Track Record Period, we rented our office premises from KINGOLD Group and incurred rental and management fee of approximately RMB0.6 million, RMB1.1 million and RMB0.5 million for FY2017, FY2018 and 1H2019 , respectively.

The monthly rental and management fee were determined after arm's length negotiations between the parties with reference to the prevailing marketing rates, namely the rental and management fee payable for similar properties to be leased from and managed by Independent Third Parties at similar location.

SUMMARY OF KEY FINANCIAL RATIOS

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

	As at/Year ended 31 December		As at/ Six months ended 30 June
	2017	2018	2019
Gross profit margin (%)(1)	22.4	19.7	23.7
Net profit/(loss) margin (%)(2)	12.0	8.8	(2.2)
Current ratio (times)(3)	2.8	2.2	1.2
Return on equity (%)(4)	32.1	25.6	N/A
Return on total assets (%)(5)	21.1	14.3	N/A

Notes:

1. Gross profit margin is calculated based on gross profit divided by revenue for the respective year/period. Please refer to the paragraph headed "Description of selected items in the consolidated statements of profit or loss" in this section for more details on our gross profit margins.

2. Net profit margin is calculated based on net profit for the respective year/period divided by revenue for the respective year/period. Please refer to the paragraph headed "— Summary of results of operations" in this section for more details on our net profit margins.

3. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates.

4. Return on equity is calculated based on the net profit for the respective year divided by ending balance of total equity as of the respective period and multiplied by 100%.

5. Return on total assets is calculated based on net profit for the respective year divided by ending balance of total assets of the respective period and multiplied by 100%.

Current ratio

Our current ratio was 2.8 times and 2.2 times as at 31 December 2017 and 2018, respectively. Our current ratio decreased mainly due to the percentage increase in current liabilities outpaced the percentage increase in current assets. Our current ratio further decreased to 1.2 times as at 30 June 2019 which was primarily due to the increase in trade and other payables as a result of (i) payables to then shareholders of Icon Media during the Reorganisation of RMB48.7 million; and (ii) declaration of dividend of RMB30 million to then shareholders of Icon Media.

Return on equity ratio

Our return on equity was 32.1% and 25.6% for FY2017 and FY2018, respectively. Our return on equity ratio decreased to 25.6% for FY2018, primarily due to the increase in total equity due to the retained earnings recorded during FY2017 and FY2018.

Return on total assets ratio

Our return on total assets was 21.1% and 14.3% for FY2017 and FY2018, respectively. Our return on total assets decreased throughout the Track Record Period mainly attributable to the combined effect of (i) the increase in trade receivables arising from the increase of revenue; (ii) the increase in right-of-use assets; and (iii) the placement of restricted deposit with a bank.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary financial risks we face in the ordinary course of business include credit risk and liquidity risk. Please refer to note 24 of the Accountants' Report which is set out in Appendix I to this prospectus.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to our Group. Our Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits with a bank is limited because the counterparties are banks with high-credit-quality, for which our Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The exposures to these credit risks are monitored on an outgoing basis. We are also exposed to credit risk in relation to our trade and other receivables. The carrying amounts of trade and other receivables represents our maximum exposure to credit risk in relation to financial assets. We review the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. We consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, we compare the risk of a default occurring on the asset as at the reporting date with the risk of default as the date of initial recognition. We consider available reasonable and supportive forwarding-looking information. Please refer to note 24 of the Accountants' Report which is set out in Appendix I to this prospectus.

Liquidity risk

Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by our Company's management and directors when the borrowings exceed certain predetermined levels of authority. Our Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Please refer to note 24 of the Accountants' Report which is set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules.

LISTING EXPENSES

Our listing expenses mainly include underwriting fees and commissions and professional fees paid to legal, accounting and other advisers for their services rendered in relation to the Listing and the Share Offer. The estimated total listing expenses (based on the mid-point of the indicative Offer Price range) for the Share Offer are approximately HK$31.9 million. We incurred listing expenses of approximately HK$0.3 million in FY2018 and HK$16.3 million for 1H2019, including approximately HK$0.2 million and HK$12.4 million that has been expressed through the consolidated statements of profit or loss for FY2018 and 1H2019, respectively and HK$4.0 million that has been recorded within trade and other receivables on the statements of financial position as at 30 June 2019. We expect to incur a total of listing expenses of HK$15.3 million in connection with the Share Offer, of which an estimated amount of HK$6.4 million is expected to be expensed through the statements of profit or loss and the remaining amount of HK$8.9 million is expected to be recognised directly as a deduction from equity upon the Listing. We emphasise that the amount of the listing expenses is a current estimate for reference only and the final amounts to be recognised in the consolidated financial statements of our Group for FY2019 is subject to adjustment based on audit and any possible changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for FY2019 would be materially and adversely affected by the listing expenses mentioned above.

DIVIDEND

For FY2017 and FY2018, our Group did not declare or pay any dividend. In April 2019, a subsidiary of our Group declared a dividend in the sum of RMB30.0 million to our then shareholders, and such amount was fully paid by our internal resources in August 2019.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders.

Future dividend payments will also depend upon the availability of dividends received from our foreign-invested subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our foreign invested subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Under the Companies Law, we may pay dividends out of our profit or our share premium account in accordance with the Articles of Association, provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when they fall due in the ordinary course of business. Our Company was incorporated on 24 April 2019 and is an investment holding company. There were no reserves available for distribution to the Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

NO MATERIAL ADVERSE CHANGE

Save for the listing expenses in connection with the Share Offer, our Directors confirm that, since 30 June 2019 and up to the date of this prospectus, there had been no material adverse change in our financial or trading position and no event had occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report in Appendix I to this prospectus.

DETAILS OF THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**" each a "**Cornerstone Investment Agreement**") with the Sole Sponsor and the Sole Bookrunner and each of (i) Ms. Le Luping (樂露萍) ("**Ms. Le**"); (ii) Ms. Lu Xiaochang (盧小嫦) ("**Ms. Lu**"); and (iii) Mr. Long Yuan (龍原) ("**Mr. Long**") (Ms. Le, Ms. Lu and Mr. Long collectively as the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors shall subscribe for, at the Offer Price, such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) that may be subscribed for an aggregate amount of approximately HK$20.9 million (the "**Cornerstone Placing**").

Our Directors believe that introducing the Cornerstone Investors to the Share Offer can secure the subscription of a certain amount of Offer Shares, thus reducing the risk of unsuccessful issuance under volatile market conditions. The Cornerstone Investors are experienced individuals in their respective fields, and our Directors believe that their commitment under the Cornerstone Placing may incentivise potential investors to invest in our Company. Our Directors also believe that introducing the Cornerstone Investors from the industry in which our Company operates can foster and strengthen our Company's reputation and prospect as well as our business relationships with such Cornerstone Investors, which is beneficial to the business development of our Company.

The following tables illustrate the investment amount and the number of Offer Shares to be subscribed (rounded down to nearest whole board lot of 2,000 Shares) by each of the Cornerstone Investors, assuming at the Offer Price of (a) HK$1.38, being the low end of the Offer Price range; (b) HK$1.68, being the mid-point of the Offer Price range; and (c) HK$1.98, being the high end of the Offer Price range:

			Based on the Offer Price of HK$1.38 (being the low end of the Offer Price range)			
			Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue	
Cornerstone investor	Investment amount	Number of Offer Shares to be subscribed (rounded down to nearest whole board lot of 2,000 Shares)	Assuming the Offer Size Adjustment Option is not exercised	Assuming the Offer Size Adjustment Option is exercised in full	Assuming the Offer Size Adjustment Option is not exercised	Assuming the Offer Size Adjustment Option is exercised in full
Ms. Le	HK$10,000,000	7,246,000	16.1%	14.0%	4.0%	3.9%
Ms. Lu	HK$8,888,888	6,440,000	14.3%	12.4%	3.6%	3.4%
Mr. Long	HK$2,000,000	1,448,000	3.2%	2.8%	0.8%	0.8%
Total	HK$20,888,888	15,134,000	33.6%	29.2%	8.4%	8.1%

Cornerstone investor	Investment amount	Number of Offer Shares to be subscribed (rounded down to nearest whole board lot of 2,000 Shares)	Based on the Offer Price of HK$1.68 (being the mid-point of the Offer Price range) — Approximate % of total number of Offer Shares — Assuming the Offer Size Adjustment Option is not exercised	Approximate % of total number of Offer Shares — Assuming the Offer Size Adjustment Option is exercised in full	Approximate % of total Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue — Assuming the Offer Size Adjustment Option is not exercised	Approximate % of total Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue — Assuming the Offer Size Adjustment Option is exercised in full
Ms. Le	HK$10,000,000	5,952,000	13.2%	11.5%	3.3%	3.2%
Ms. Lu	HK$8,888,888	5,290,000	11.8%	10.2%	2.9%	2.8%
Mr. Long	HK$2,000,000	1,190,000	2.6%	2.3%	0.7%	0.6%
Total	HK$20,888,888	12,432,000	27.6%	24.0%	6.9%	6.6%

Cornerstone investor	Investment amount	Number of Offer Shares to be subscribed (rounded down to nearest whole board lot of 2,000 Shares)	Based on the Offer Price of HK$1.98 (being the high end of the Offer Price range) — Approximate % of total number of Offer Shares — Assuming the Offer Size Adjustment Option is not exercised	Approximate % of total number of Offer Shares — Assuming the Offer Size Adjustment Option is exercised in full	Approximate % of total Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue — Assuming the Offer Size Adjustment Option is not exercised	Approximate % of total Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue — Assuming the Offer Size Adjustment Option is exercised in full
Ms. Le	HK$10,000,000	5,050,000	11.2%	9.7%	2.8%	2.7%
Ms. Lu	HK$8,888,888	4,488,000	10.0%	8.7%	2.5%	2.4%
Mr. Long	HK$2,000,000	1,010,000	2.2%	2.0%	0.6%	0.5%
Total	HK$20,888,888	10,548,000	23.4%	20.4%	5.9%	5.6%

To the best knowledge and belief of our Directors and our Company, each of the Cornerstone Investors:

(a) is an independent third party and independent of our connected persons and their respective close associates (as defined in the GEM Listing Rules); and

(b) save as disclosed in this section, has no past or present relationship with our Company, our Controlling Shareholders, our Substantial Shareholders, our existing Shareholders, our Directors, our senior management or their respective close associates, the Sole Sponsor, the Underwriters or any of their affiliates. Each of the Cornerstone Investors has confirmed that:

(i) the respective investments made by the Cornerstone Investors in respect of the Cornerstone Placing are financed by their own personal fund and are not, either directly or indirectly, financed by our Company, our Controlling Shareholders, our Substantial Shareholders, our existing Shareholders, our Directors, our senior management or their respective close associates, the Sole Sponsor, the Underwriters or any of their affiliates;

(ii) he has not entered into any side agreements or arrangements with our Company, our Controlling Shareholders, our Substantial Shareholders, our existing Shareholders, our Directors, our senior management or their respective close associates, the Sole Sponsor, the Underwriters or any of their affiliates; and

(iii) he is not accustomed to take instructions from our Company, our Controlling Shareholders, our Substantial Shareholders, our existing Shareholders, our Directors, our senior management or their respective close associates, the Sole Sponsor, the Underwriters or any of their affiliates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his name or otherwise held by him.

The Cornerstone Placing will form part of the Placing and the Cornerstone Investors will not subscribe for any Offer Share under the Share Offer (other than and pursuant to the Cornerstone Investment Agreements).

The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Shares in issue upon completion of the Share Offer and will be counted towards the public float of the Company. The Cornerstone Investors do not have any preferential rights compared with other public Shareholders.

Immediately following the completion of the Share Offer, the Cornerstone Investors will not have any board representation in the Company, nor will it become a substantial shareholder of the Company (as defined under the GEM Listing Rules).

The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the Placing and the Public Offer in the event of over-subscription under the Public Offer as described in "Structure and Conditions of the Share Offer — The Public Offer".

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

Ms. Le Luping (樂露萍)

Ms. Le has agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at HK$10.0 million (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

Ms. Le is an individual Cornerstone Investor. From 2004 to 2015, Ms. Le was the general manager in the mobile internet group marketing department (移動互聯網事業群市場部) of Tencent Group. In 2015, she joined Shenzhen Lexin Software Technology Co., Ltd.* (深圳樂信軟件技術有限公司), which is a subsidiary of LexinFintech Holdings Ltd., a company listed on NASDAQ (NASDAQ ticker: LX), as chief operating officer. LexinFintech Holdings Ltd. operates an online consumer finance platform through its subsidiary and controlled entities including Shenzhen Fenqile Technology Network Co., Ltd.* (深圳市分期樂網絡科技有限公司).

Ms. Le has 13 years of working experience in the internet industry and was acquainted with Ms. Cai in 2015 through business dealings of Tencent Group with the former employer of Ms. Cai. After considering our Group's continuous growth in the past years and its recent business performance, Ms. Le is optimistic about the business prospect of our Group and decided to invest in our Group.

Ms. Lu Xiaochang (盧小嫦)

Ms. Lu has agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at RMB8.0 million, equivalent to approximately HK$8.9 million (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

Ms. Lu is an individual Cornerstone Investor. She was a shareholder of both Guangzhou Shicai Equity Investment Fund Management Co., Limited* (廣州拾財股權投資基金管理有限公司) and Guangzhou Shicai Asset Management Co., Ltd.* (廣州拾財資產管理有限公司), each a company established in the PRC with limited liability engaging in investment and asset management. She had worked in the Guangzhou branch of China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司廣州分行) for over ten years. Currently, she is the executive director of Guangzhou Changyang Culture Communication Co., Ltd.* (廣州嫦陽文化傳播有限公司), a company engaging in media consultancy and management business.

Ms. Lu was acquainted with Mr. Chau as she maintained business relationship with KINGOLD Group for more than 10 years. After considering our Group's business performance in the past years, Ms. Lu is confident about the business prospect and future growth of our Group and decided to invest in our Group.

Mr. Long Yuan (龍原)

Mr. Long has agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at HK$2.0 million (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

Mr. Long is an individual Cornerstone Investor. Mr. Long is currently a vice-president of AirMedia Group Co., Ltd.* (航美傳媒集團有限公司) ("**AirMedia**"). AirMedia was our customer in FY2017 and its subsidiary, Beijing Wentou AirMedia Co., Ltd.* (北京文投航美傳媒有限公司), was our supplier in FY2018 and 1H2019. He is a director of Shenzhen Xiangpeng Investment Company Limited* (深圳市湘鵬投資有限公司), a company established in the PRC with limited liability engaging in investment; and a director of Hunan South Rare Precious Metals Exchange Ltd.* (湖南南方稀貴金屬交易所股份有限公司), a company established in the PRC with limited liability providing trading platforms for rare and precious metals. Mr. Long is also one of the partners in several limited partnerships principally engaging in investment, including Beijing Hongchuang Investment Management Center (LLP)* (北京弘創投資管理中心(有限合夥)) and Zhuhai Hengqin Zhongke Lingyi Fertile Venture Capital Partnership (LLP)* (珠海横琴中科零壹沃土創業投資合夥企業(有限合夥)).

Mr. Long was acquainted with Ms. Cai through business dealings with our Group in 2016. Mr. Long decided to invest in our Group after considering our Group's past performance and growth and he is confident in the continuous growth of the business of our Group.

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to the following conditions precedent:

(i) the Public Offer Underwriting Agreement and the Placing Underwriting being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the respective Underwriting Agreements;

(ii) neither of the Underwriting Agreements having been terminated;

(iii) the Offer Price having been agreed upon between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) in connection with the Placing;

(iv) the Listing Department of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Shares and that such approval or permission not having been revoked, by no later than (180) days after the date of the Cornerstone Investment Agreements;

(v) no Laws shall have been enacted or promulgated by any governmental authority which prohibit the consummation of the closing of the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of the closing of the Cornerstone Investment Agreements; and

(vi) the respective representations, warranties, undertakings, acknowledgements and confirmations of each of the Cornerstone Investors in the Cornerstone Investment Agreements are (as of the date of the Cornerstone Investment Agreements) and will be (as of the closing of the Cornerstone Investment Agreements) accurate and true in all material respects and that there is no material breach of the Cornerstone Investment Agreement on the part of the respective Cornerstone Investors.

Subject to fulfilment of the above condition precedents, the completion of the Cornerstone Placing shall occur simultaneously with the closing of the Placing under the respective Cornerstone Investors Agreements, pursuant to which the investment amount payable by the respective Cornerstone Investors shall be settled before the Listing Date. There is no arrangement for any deferred settlement of the investment amount payable by the Cornerstone Investors. The timing and manner of delivery of such Shares issued and allotted pursuant to the Cornerstone Placing shall be the same as those Shares issued and allotted through Placing.

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the Sole Bookrunner, it will not at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), (i) dispose of any of the Shares to be purchased by the relevant Cornerstone Investor under the respective Cornerstone Investment Agreement and any shares or other securities of the Company which are derived therefrom or any interest in any company or entity holding any of the such Shares; or (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficiary owner.

During the Lock-up Period, each of the Cornerstone Investors may transfer the Shares so subscribed in certain limited circumstances as set out in the respective Cornerstone Investment Agreements, such as transfer to its wholly-owned subsidiary, provided that prior to such transfer, such wholly-owned subsidiary undertakes in writing in favour of our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), and the relevant Cornerstone Investors undertake in writing in favour of our Company and Sole Bookrunner (for itself and on behalf of the Underwriters) to procure that such wholly-owned subsidiary will abide by the restrictions on disposals imposed on such Cornerstone Investors.

BUSINESS OBJECTIVES AND STRATEGIES

Our business objectives are to expand the scale of our business operations and to capture greater market share in the expanding advertising market in the PRC. We aim to capture the business opportunities arising from the increasing use of technology in mobile networks and expand our presence and market penetration in other parts of the PRC. To achieve such objectives, we intend to implement our business strategies. For details of our business strategies and objectives, please refer to the section headed "Business — Our business strategies and future plans" in this Prospectus.

REASONS FOR THE SHARE OFFER

Our Directors believe that the net proceeds from the Share Offer will enable us to implement our business strategies and objectives set out in this section and benefit our Group in different levels, both internal and external as discussed below:

(a) Genuine funding needs for our business expansion

According to the iResearch Report, the PRC's total advertising market size in terms of revenue is expected to grow at a CAGR of 18.8%. The growth trend of online advertising market size is prominent, and it is expected to increase at CAGR of 22.2% from 2019 to 2023. For the offline media advertising, it is expected to return from negative growth to positive growth from 2019 due to the gradual digitisation of the market. However, according to the iResearch Report, the advertising industry in the PRC is fragmented and highly competitive.

In order to increase our market share, our Group has to continuously increase our competitiveness by implementing our business strategies including: (i) increasing our exclusive advertising resources which enable us to prioritise valuable advertising channels for our customers which in turn will increase customers' reliance on us; (ii) extending our business coverage and service offerings to serve a wider customer base in return for business growth; and (iii) strengthening our data analysis capabilities such that we can identify the most effective and suitable advertising means and improve our strategy formulation for our customers.

During the Track Record Period, revenue generated from our exclusive advertising resources increased significantly from approximately RMB8.5 million in FY2017 to approximately RMB24.6 million in FY2018, and from approximately RMB10.8 million for 1H2018 to approximately RMB22.0 million for 1H2019. Such increase was mainly attributable to the addition of exclusive advertising resources secured since the fourth quarter of 2017, namely: (i) the exclusive right to publish our customers' advertisements via the journey reminder SMS service of the 12306 online ticketing system of China Railway (November 2017); (ii) certain exclusive advertising spaces at Guangzhou South Railway Station (January 2018); (iii) certain exclusive advertising spaces at Shenzhen Futian Transportation Hub (April 2018); and (iv) the expansion of the Visual Media network in commercial buildings. Gross profit from our exclusive advertising resources also increased from approximately RMB5.3 million in FY2017 to approximately RMB13.4 million in FY2018, and from approximately RMB6.3 million for 1H2018 to approximately RMB11.1 million for 1H2019. Our gross profit margins are also generally higher because of the upfront payment we made to lock up the advertising spaces and that less third-party intermediaries were involved in the exclusive arrangement. Therefore, our Group believes increasing the coverage of our exclusive advertising resources would also allow our Group to improve profitability. Generally, we are required to pay a fixed contract sum in different instalments upfront irrespective of whether our Group was able to secure customers for placement of advertisements as licensing fees in order to maintain exclusivity of various valuable advertising resources.

In view of the above, we have a genuine funding need. Through the Listing, we can raise funds from the Share Offer and apply the net proceeds to the implementation plans as discussed in this section. The implementation of the above business strategies requires a total of expected investment amount of HK$67.0 million, which is significantly larger than our cash and cash equivalents of RMB38.2 million as at 30 June 2019. Therefore, we have genuine funding needs. For details of the total investment amount and the business strategies, please refer to the section headed "Business — Our business strategies" in this prospectus.

(b) Funding requirements to satisfy the prepayment obligations to our suppliers

In line with the industry norm, we are generally requested to make prepayment by our suppliers to negotiate and secure more favorable terms on pricing and resources. Our suppliers generally request for settlement of our payments in full for online advertising resources and request for deposits ranging from 50% to 100% of our payments for offline advertising resources. To maintain amicable relationship with our customers, we generally grant a relatively longer credit period to our customers. In line with the industry norm, we are generally required to make prepayments to our suppliers to secure the advertising spaces and are also required to make upfront payment as licensing fees to maintain exclusivity of various valuable advertising resources. As such, there are often time lags between making payments to our suppliers and receiving payments from our customers, which results in cash flow mismatch. In particular, during 1H2019, our average trade receivable turnover days is significantly longer than our average trade payable turnover days for the same period by 85.4 days. Therefore, in order for us to undertake more sizeable projects and capture business opportunities, it is essential for us to improve our liquidity and financial position.

(c) Difficulties in obtaining debt financing

Due to the nature of our advertising and marketing service business, we do not hold any significant property or fixed assets which could be provided to the bank as collateral. Therefore, without collateral, we would not be able to draw down any bank borrowings independently of our Controlling Shareholders.

(d) Enhancing corporate profile

The competition in our industry is keen and the price competition among the market participants is fierce. According to the iResearch Report, the advertising industry in the PRC is highly competitive with more than 1.4 million participants in 2018. Within such a highly competitive environment, only 50 are listed companies in Hong Kong and the PRC.

Following the Listing, our Directors believe that our Group will be able to obtain higher bargaining power in negotiating terms with our business partners. In addition, our Directors consider that the Listing will enhance our Group's corporate profile, market reputation and brand awareness which will strengthen our customers' confidence in our Group and in turn boost our business. Therefore, our Directors believe that customers may prefer to conduct business with a listed company in Hong Kong given its reputation, listing status, public financial disclosures and general regulatory supervision by relevant regulatory bodies. Our services will also be better known to attract new potential customers in the PRC. Therefore, our Directors are of the view that the listing status will give us a competitive edge over our many competitors. In addition, our Group intends to be actively involved in the development of the Greater Bay Area, Beijing and Shanghai, and endeavors to integrate into the nation's development plans in which our business and implementation plans should be concerned by investors and the Chinese government.

(e) Enhancing employee incentive and commitment

Human resources and talents are vital to our business. The status of a listed company can help us strengthen our manpower and attract, recruit and retain our valued management personnel, employees and skilled professionals. To this end, we have also put in place the Share Option Scheme for our employees in order to attract and retain talents. Please refer to the section headed "Appendix IV. Statutory and General Information — D. Share Option Scheme" in this prospectus for a summary of principal terms of the scheme.

IMPLEMENTATION PLANS

To implement the business objectives and strategies, we set forth below our implementation plans for each of the six months periods from the Latest Practicable Date until 31 December 2021. The following implementation plans are formulated on the bases and assumptions set out in the paragraph headed "— Bases and assumptions" in this section. These bases and assumptions are subject to uncertainties, variables and unexpected factors, in particular the risk factors as set out in the section headed "Risk Factors" in this prospectus. There is no assurance that our business objectives will be achieved or the implementation plans will be materialised according to the estimated time frame or at all.

Our Directors intend to carry out the following implementation plans:

For the period from the Listing Date to 31 December 2019

Objectives	**Plan/Activities**
Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	— To review and evaluate the existing coverage and performance of our exclusive advertising resources — To explore opportunities to collaborate with property developers and real estate management companies with properties situated in premium locations in the Greater Bay Area, Beijing and Shanghai
Expand our business coverage in growing regions and cities and our spectrums of service offerings	— To explore opportunities to secure advertising spaces at public transportation hubs in the Greater Bay Area, Beijing and Shanghai — To review and evaluate the existing business coverage and service capacity — To commence the recruitment process — To conduct market research on potential markets — To conduct site visits in Shenzhen and in Beijing for office locations
Expand our big data platform	— To review and evaluate our existing big data platforms — To engage professional consultants to review our current big data platform — To discuss and finalise the expansion plans of our big data platform

For the six months ending 30 June 2020

Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	— To discuss the existing coverage of our exclusive advertising resources — To review and evaluate the availability of potential resources suitable for our Group — To enter into agreements with strategic partners for additional resources

Expand our business coverage in growing regions and cities and our spectrums of service offerings	— To finalise locations for representative offices in Shenzhen and Beijing and commence renovation for the new representative offices — To commence the recruitment process — To commence the establishment of a sales and service team of ten employees in the Beijing office, comprising one managerial staff to oversee the operation of the Beijing office, five sales and marketing staff for business development and customer servicing, two staff for procurement of advertising resources and two administrative staff to provide back-end support, focusing on multimedia sales planning, sales and marketing services and data analysis support — To commence the recruitment of five employees for our sales and service team, comprising one managerial staff to oversee the operation and strategic planning, three sales and marketing staff for business development and customer servicing and one administrative staff to provide back-end support for the expansion of our Shenzhen office — To commence the establishment of a content creation and operation team of eight employees stationed in the Guangzhou headquarter or the Shenzhen office, comprising three staff for content design, write-up and editing, two staff for online operation and three staff for video production, focusing on the expansion of the provision of content creation and operation services for both traditional offline advertising and online advertising
Expand our big data platform	— To enter into agreements with strategic partners to revamp our big data platform — To commence the recruitment of five additional employees stationed in the Beijing office, comprising three staff for technical support, one staff for data analysis and one staff for research and development of big data platform — To commence revamping our big data platform

For the six months ending 31 December 2020

Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	— To continue payments to strategic partners and/or other obligations under the agreements — To review the performance of our exclusive advertising resources for the six months ending 30 June 2020 and evaluate whether any operational adjustments (including payment terms and execution procedures) are needed
Expand our business coverage in growing regions and cities and our spectrums of service offerings	— To complete the establishment of the sales and service team of ten employees in the Beijing office — To complete the establishment of the sales and service team of five employees in the Shenzhen office — To complete the establishment of the content creation and operation team of eight employees in the Guangzhou headquarter or the Shenzhen office
Expand our big data platform	— To complete the recruitment of five additional employees stationed in the Beijing office for technical support, operation and enhancement of big data platform — To conduct trial run and provide training to our staff for the revamped big data platform — To continue revamping our big data platform and experience the enhancement of our big data

For the six months ending 30 June 2021

Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	— To discuss the existing coverage of our exclusive advertising resources — To review and evaluate the availability of potential resources suitable for our Group — To enter into agreements with strategic partners for additional resources
Expand our business coverage in growing regions and cities and our spectrums of service offerings	— To continue the operations in the Beijing and Shenzhen and evaluate whether operational adjustments are needed in the new offices — To provide training to our staff in the Beijing and Shenzhen representative offices — To continue reaching out to potential customers in Beijing, Shanghai and in the Greater Bay Area
Expand our big data platform	— To continue revamping our current software and big data platform — To conduct trial run and provide training to our staff for the revamped big data platform — To continue revamping our big data platform and experience the enhancement of our big data

For the six months ending 31 December 2021

Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	— To continue payments to strategic partners and/or other obligations under the agreements — To review the performance of our exclusive advertising resources for the six months ending 30 June 2021 and evaluate whether any operational adjustments (including payment terms and execution procedures) are needed
Expand our business coverage in growing regions and cities and our spectrums of service offerings	— To continue the operations in Beijing and Shenzhen and evaluate whether operational adjustments are needed in the new offices — To provide training to our staff in the Beijing and Shenzhen representative offices
Expand our big data platform	— To continue revamping our current software and big data platform — To conduct trial run and provide training to our staff for the revamped big data platform — To continue revamping our big data platform and experience the enhancement of our big data

BASES AND ASSUMPTIONS

Investors should note that our ability to achieve our business objectives and implementation plans depends on a number of bases and assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in the PRC and any other places in which any member of our Group will carry on business and provides services;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the prevailing laws (whether in the PRC or any other part of the world), policies or industry or regulatory treatments relating to us, or in the political, economic and market conditions in the places in which we operate or will operate our business;
- we will retain our key staff in our management team;
- there will be no material changes in the bases or rates of taxation in the PRC;
- there will be no significant changes in our business relationship with our existing strategic and business partners;
- there will be no significant changes in our business relationship with our major customers and suppliers;

- the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the paragraph headed "— Implementation plans" in this section;
- we will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus; and
- our Group will be able to continue its operations in substantially the same manner as our Group has been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

USE OF PROCEEDS

Based on the Offer Price of HK$1.68 per Offer Share, being the mid-point of the indicative Offer Price range of HK$1.38 to HK$1.98 per Offer Share (assuming that the Offer Size Adjustment Option is not exercised), we will receive gross proceeds of HK$75.6 million. The net proceeds from the Share Offer are estimated to be approximately HK$43.7 million, after deducting the underwriting commission and other estimated listing expenses in the aggregate amount of approximately HK$31.9 million paid and payable by our Company in relation to the Share Offer. We intend to apply such net proceeds from the Share Offer (based on the Offer Price of HK$1.68, the mid-point of the Offer Price range) (assuming that the Offer Size Adjustment Option is not exercised) for the following purposes.

	From the listing date to 30 June 2020	For the six months ending 31 December 2020	For the six months ending 30 June 2021	For the six months ending 31 December 2021	Total	Approximate percentage of net proceeds
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(%)*
Increase coverage of our exclusive OOH and online advertising resources by acquiring additional resources	14,720	9,128	—	—	23,848	54.6
Expand our business coverage in growing regions and our spectrums of service offerings	8,208	4,458	—	—	12,666	29.0
Enhance our big data platforms	907	900	900	88	2,795	6.4
General working capital	2,330	2,038	—	—	4,368	10.0
	26,165	**16,524**	**900**	**88**	**43,677**	**100.0%**

Our Directors consider that the net proceeds to be generated from the Share Offer together with our internal resources and/or further equity and/or debt financing will be sufficient to finance our business plans as scheduled up to the period ending 31 December 2021.

If the final Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK$12.1 million. The net proceeds are intended to be used in approximately the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest point of the indicative Offer Price range.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK$1.68 per Share (being the mid-point of the indicative Offer Price range)) are estimated to be approximately HK$10.2 million, which would be allocated on a pro-rata basis in accordance with the proposed allocations set out above.

To the extent that the net proceeds from the Share Offer are not immediately applied for the above purposes and to the extent permitted by applicable law and regulations, it is the present intention of our Directors that such net proceeds will be placed on short-term interest-bearing deposits with licensed banks and/or financial institutions.

The use of proceeds described above may change in light of our evolving business development and/or material changes in circumstances such as changes in government policies or force majeure. In the event that any of our plans does not proceed or any material modification to the use of proceeds as described above is needed, our Directors will carefully evaluate the situation and may reallocate such funds for other purposes. In this connection, our Company will issue an announcement and make disclosure in its annual report for the relevant year as required by the GEM Listing Rules.

PUBLIC OFFER UNDERWRITERS

Innovax Securities Limited
Marketsense Securities Limited
Pulsar Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer initially 4,500,000 Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the approval for the listing of, and permission to deal in, all our Shares in issue and any Shares to be issued as mentioned in this prospectus (including any Shares which may fall to be issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme) by the Listing Department and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally, but not jointly, agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

The obligations of the Public Offer Underwriter to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall have the absolute right by notice in writing to our Company to terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the "**Termination Time**"), if any of the following events shall occur prior to the Termination Time:

(a) there comes to the notice of the Sole Sponsor or the Sole Bookrunner:

(i) any statement contained in this prospectus, the Application Forms, the formal notice or any announcements or documents issued by our Company in connection with the Share Offer (including any supplement or amendment thereto) (the "**Relevant Documents**") considered by the Sole Sponsor or the Sole Bookrunner in its sole and reasonable opinion was when it was issued, or has become, or been discovered to be untrue, incorrect or misleading in any material respect, or any expressions of opinion, intention or expectation contained in any of such documents are not, in the sole and reasonable opinion of the Sole Sponsor or the Sole Bookrunner, fair and honest and based on reasonable assumptions in any material respect, when taken as a whole;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute an omission therefrom considered by the Sole Sponsor or the Sole Bookrunner in its sole and reasonable opinion to be material in the context of the Share Offer;

(iii) any breach of any of the obligations imposed upon any party to the Underwriting Agreements (other than upon any of the Underwriters) considered by the Sole Sponsor or the Sole Bookrunner in its sole and reasonable opinion to be material in the context of the Share Offer;

(iv) either (A) there has been a breach of any of the warranties given by any of our Company, the Controlling Shareholders, Mr. Chow or Ms. Cai contained in the Public Offer Underwriting Agreement; or (B) any matter or event showing or rendering any of the aforesaid warranties, as applicable, in the sole and reasonable opinion of the Sole Sponsor or the Sole Bookrunner, to be untrue, incorrect or misleading in any material respect when given or repeated;

(v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of our Company, the Controlling Shareholders, Mr. Chow or Ms. Cai pursuant to the indemnity provisions under the Underwriting Agreements or the Share Offer to be performed or implemented as envisaged;

(vi) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted before the Listing Date (other than subject to customary conditions) or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(vii) our Company withdraws any of the Relevant Documents; or

(viii) any person (other than the Sole Sponsor, the Sole Bookrunner or any of the Underwriters) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(b) there shall develop, occur, happen, exist or come into effect:

(i) any event in the nature of force majeure, including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs (whether or not covered by insurance), fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics (including but not limited to MERS, H1N1 flu, H5N1 and H7N9), accidents, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) in the PRC, Hong Kong, the BVI and the Cayman Islands (the "**Relevant Jurisdiction**s");

(ii) any change or development involving a prospective change, or any event, matters or circumstances likely to result in any change or development involving a prospective change, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster (including without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of Hong Kong dollar against any foreign currency) in or affecting the Relevant Jurisdictions;

(iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority, in each case, in or affecting the Relevant Jurisdictions;

(iv) the imposition of economic sanctions against any member of our Group, in whatever form, directly or indirectly, by the United States or by the European Union (or any member thereof) or by any of the Relevant Jurisdictions;

(v) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control, currency exchange rates or foreign investment laws or regulations) in any of the Relevant Jurisdictions;

(vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus;

(vii) any litigation or claim of material importance being threatened or instigated against any member of our Group or any of our executive Directors;

(viii) a Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;

(ix) the Chairperson of our Board or any of our executive Directors of our Company vacating his/her office in circumstances where the operations of our Group may be adversely affected;

(x) the commencement by any governmental, regulatory or political body or organisation of any action against an executive Director or a member of our Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take such action;

(xi) any contravention by any member of our Group or any executive Director of the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, the GEM Listing Rules, the SFO or any applicable laws;

(xii) a prohibition on our Company for whatever reason from allotting, issuing or selling (as the case may be) the Offer Shares pursuant to the terms of the Share Offer;

(xiii) non-compliance of this prospectus (and/or any other documents used in connection with the subscription or purchase of the Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws;

(xiv) other than with the written approval of the Sole Bookrunner, the issue by our Company of a supplement or an amendment to this prospectus (and/or any other documents used in connection with the subscription of the new Shares) pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules;

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;

(xvi) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the material assets or undertakings of any member of our Group or any analogous matter thereto occurs in respect of any member of our Group; or

(xvii) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any government authority,

which in each case or in aggregate in the sole and reasonable opinion of the Sole Sponsor or the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

(A) is or will be or may have materially adverse to or may prejudicially affect the general affairs, management, business, financial or trading condition or prospects of our Group (as a whole) or any member of our Group; or

(B) has or will have or may have a material adverse effect on the success, marketability of the Share Offer or the level of interest under the Share Offer; or

(C) makes it inadvisable or impracticable to proceed with the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by any of the Relevant Documents; or

(D) has or will have or may have the effect of making any part of the Underwriting Agreements (including underwriting) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Relevant Documents and the Underwriting Agreements or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof,

then the Sole Sponsor or the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) may in its sole and reasonable discretion, upon giving notice in writing prior to 8:00 a.m. (Hong Kong time) on the Listing Date to our Company, terminate the Public Offer Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that during the period commencing from the Listing Date up to the date falling six months from the Listing Date, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the prescribed circumstances as stated in Rule 17.29 of the GEM Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, except for the circumstances permitted by Rule 13.18 of the GEM Listing Rules, it/he shall not, and shall procure that the relevant registered shareholder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he is shown in this prospectus to be the beneficial owners; or

(b) in the period of 12 months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and our Company respectively that it/he shall, and shall procure that the relevant registered shareholder(s) shall, at any time in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is 24 months from the Listing Date:

(i) in the event that it/he pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in the Shares under paragraph (i) above, inform our Company immediately in the event that it/he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any of the matters referred to in above (if any) by our Controlling Shareholders, forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertaking by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of all the Public Offer Underwriters) that, and each of the Controlling Shareholders has jointly and severally undertaken to procure that, our Company would not, without the prior written consent of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the GEM Listing Rules, at any time during the period commencing from the date of the Public Offer Underwriting Agreement and ending on the expiry of the six months after the Listing Date:

(a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of its share capital, debt capital or any securities of our Company or any interest therein or any voting right or any other right attaching thereto (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) save as pursuant to the repurchase mandate granted by the shareholders of our Company to the Directors, details of which are set out in Appendix IV to this prospectus; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or interest therein or any voting right or any other right attaching thereto; or

(c) enter into any transaction with the same economic effect as any forgoing transaction described in paragraphs (a) or (b) above; or

(d) agree or contract to, or publicly announce any intention to enter into, any forgoing transaction described in paragraphs (a), (b) or (c) above,

whether any of the foregoing transactions described in paragraphs (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, PROVIDED THAT the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Share Offer (including upon the exercise of options which may be granted under the Offer Size Adjustment Option or the Share Option Scheme.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders jointly and severally has undertaken to each of our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that it/he will not, and will procure that the relevant registered holder(s) and its/his associates and companies controlled by it/him and any nominee or trustee holding on trust for it/him will not, without the Sole Sponsor's and the Sole Bookrunner's prior written consent and unless in compliance with the GEM Listing Rules:

(a) at any time during the period commencing from the date of the Public Offer Underwriting Agreement and ending on the expiry of the 12 months after the Listing Date (the "**First 12-Month Period**"):

(i) offer, accept subscription for, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) beneficially owned by it/him as at the Listing Date (the "**Lock-up Securities**");

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital, debt capital or other securities of our Company or any interest therein as described in (i) above;

(iii) enter into any transaction with the same economic effect as any transaction referred to in paragraph (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction referred to in paragraph (i), (ii) or (iii) above whether such transaction described in paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;

whether any of the foregoing transactions described in paragraph (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise PROVIDED THAT the aforesaid restrictions shall not apply to a pledge or charge of the Lock-up Securities in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide commercial loan;

(b) at any time during the 12-month period commencing from the expiry of the First 12-Month Period (the "**Second 12-Month Period**") enter into any of the forgoing transactions in paragraph (a)(i) or (a)(ii) or (a)(iii) or (a)(iv) above or agree or contract or publicly announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal, or upon the exercise or enforcement of such offer, pledge, charge, option, right, interests, or encumbrances, the Controlling Shareholders (or any of them) will cease to be a Controlling Shareholder of our Company;

(c) until the expiry of the Second 12-Month Period, in the event that any of the Controlling Shareholders enters into the foregoing transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, it/he will take all reasonable steps to ensure that it/he will not create a disorderly or false market in the Shares or other securities of our Company; and

(d) comply with the requirements of Rules 13.16A, 13.17 and 13.19 of the GEM Listing Rules, to procure that our Company will comply with the requirements under Rule 13.19 of the GEM Listing Rules, and comply with all the restrictions and requirements under the GEM Listing Rules on the sale, transfer or disposal by it/him or by the registered holder controlled by it/him and its/his close associates and companies controlled by it/him of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further jointly and severally undertaken to our Company, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that at any time after the date of the Public Offer Underwriting Agreement up to and including the date on which the Second 12-Month Period expires, it will:

(A) when it/he pledges or charges any Shares or other securities or interests in the securities of our Company in respect of which it/he is the beneficial owner, immediately inform our Company, the Sole Sponsor and the Stock Exchange in writing of any such pledges or charges together with the number of Shares or other securities of our Company and nature of interest so pledged or charged; and

(B) when it/he receives any indication, whether verbal or written, from any such pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor, the Sole Bookrunner (for itself and on behalf of all the Public Offer Underwriters) and the Stock Exchange in writing of any such indication.

Our Company has undertaken to the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) to, and each of the Controlling Shareholders has jointly and severally undertaken to the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) that it/he will procure our Company to, inform the Stock Exchange as soon as our Company has been informed of the matters mentioned in paragraph (A) or (B), and to make a public disclosure of such matters as soon as possible thereafter in accordance with the GEM Listing Rules.

Undertaking by the Relevant Minority Shareholders

Each of the Relevant Minority Shareholders has undertaken to our Company and the Sole Sponsor that, except for the circumstances permitted by Rule 13.18 of the GEM Listing Rules, it/he/she shall not and shall procure that the relevant registered shareholder(s) shall not, in the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owners.

Each of the Relevant Minority Shareholders has undertaken to our Company and the Sole Sponsor that, within the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will:

a. when it/he/she pledges or charges any direct or indirect interest in the Shares in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange in any other exceptional circumstances, immediately inform our Company of such pledge, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

b. having pledged or charged any interest in the Shares under paragraph (a) above, inform our Company immediately in the event that it/he/she becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number Shares affected.

Placing

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement with, among others, the Controlling Shareholders, Mr. Chow, Ms. Cai, the Sole Sponsor, the Sole Bookrunner and the Placing Underwriters.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to act as agents of our Company to procure subscribers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting

Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "— Undertakings pursuant to the Public Offer Underwriting Agreement" above in this section.

Indemnity

Our Company, our Controlling Shareholders, Mr. Chow and Ms. Cai have agreed to indemnify the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company, our Controlling Shareholders, Mr. Chow or Ms. Cai of the Public Offer Underwriting Agreement.

Fees, commission and expenses

The Public Offer Underwriters will, and the Placing Underwriters are expected to, receive a commission of 10% of the total Offer Price for all the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions.

Assuming the Offer Price is HK$1.68, being the mid-point of the indicative Offer Price range, and assuming the Offer Size Adjustment Option is not exercised, the total underwriting commission, fees and expenses relating to the Share Offer and Listing (including the GEM Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, and printing), are estimated to be HK$31.9 million.

The Sole Sponsor will receive a sponsor fee of HK$5 million in relation to the Listing and will be reimbursed for their expenses.

Independence of the Sole Sponsor

No director, employee and close associate of the Sole Sponsor who is involved in providing advice to our Company has or, as a result of the Listing and/or the Share Offer, may have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities). No director, employee and close associate of the Sole Sponsor has any directorship in our Company or any other members of our Group. The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

Sole Sponsor's interests in our Company

The Sole Sponsor will be appointed as the compliance adviser of our Company with effect from the Listing Date until dispatch of the audited financial results for the second full financial year after the Listing Date.

Save for the abovementioned, its interests and obligations under the Underwriting Agreements and the sponsor's fee payable to the Sole Sponsor in respect of the Share Offer, the Sole Sponsor is not interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(7) of the GEM Listing Rules after completion of the Capitalisation Issue and the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Share Offer comprises (subject to the Offer Size Adjustment Option):

(a) the Public Offer of 4,500,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong; and

(b) the Placing of 40,500,000 Placing Shares (subject to adjustment and reallocation as mentioned below) in Hong Kong to professional, institutional and/or other investors.

Investors may apply for the Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for the Offer Shares under the Placing, but may not do both.

The Offer Shares will represent approximately 25% of the total issued share capital of our Company immediately after the completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised).

The number of Offer Shares to be offered under the Public Offer and the Placing, respectively, may be subject to reallocation as mentioned below.

CONDITIONS OF THE SHARE OFFER

The Share Offer is conditional upon, among other things:

(a) the Listing Department of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and the Shares to be allotted and issued as mentioned in this prospectus, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the agreement for determination of the Offer Price between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company having been duly executed on the Price Determination Date and such agreement not subsequently having been terminated;

(c) the Offer Price having been duly determined; and

(d) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with its terms,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day after the date of this prospectus. The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by our Company on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.iconspace.com** on the next business day following such lapse.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 4,500,000 Public Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of the total issued share capital of our Company immediately after the completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised). The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions set out in the paragraph headed "Conditions of the Share Offer" in this section.

Allocation

Allocation of the Offer Shares to investors under the Share Offer will be based solely on the level of valid applications received under the Share Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by applicants. Allocation of the Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 100% of the Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not received any Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be).

The final Offer Price, the level of indication of interest in the Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Monday, 13 January 2020 through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares — 11. Publication of results" in this prospectus.

Reallocation of the Offer Shares between the Public Offer and the Placing

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

1. The allocation of Offer Shares between the Public Offer and the Placing is subject to adjustment pursuant to Practice Note 6 of the GEM Listing Rules as follows:

   (a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 9,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 13,500,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option);

   (b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 13,500,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 18,000,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option); and

   (c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 18,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 22,500,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Share Offer (before any exercise of the Offer Size Adjustment Option).

   Any such clawback and reallocation between the Placing and the Public Offer will be completed prior to any adjustment of the number of the Offer Shares pursuant to the exercise of the Offer Size Adjustment Option, if any.

2. The Sole Bookrunner may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 6 of the GEM Listing Rules, the maximum total number of Offer Shares that may be allocated to the Public Offer following such reallocation shall be the lesser of not more than (i) double the initial allocation to the Public Offer (i.e. 9,000,000 Offer Shares); and (ii) 30% of the total Offer Shares.

3. If the Public Offer is not fully subscribed, the Sole Bookrunner has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing in such proportions as the Sole Bookrunner deems appropriate.

Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on or before Monday, 13 January 2020.

THE PLACING

Number of the Offer Shares initially offered

Subject to the reallocation as described above and the exercise of the Offer Size Adjustment Option, the number of Offer Shares to be initially offered under the Placing will be 40,500,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issue share capital immediately after the completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised).

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed by the Placing Underwriters. The Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such Placing Shares in Hong Kong. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in the paragraph headed "— Offer Price — Price determination of the Share Offer" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Sole Bookrunner so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

OFFER PRICE

Price determination of the Share Offer

The Offer Price will be fixed by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Tuesday, 7 January 2020. If our Company and the Sole Bookrunner are unable to reach an agreement on the Offer Price on or before Monday, 13 January 2020, the Share Offer will not become unconditional and will lapse immediately.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of our Company, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, reduce the indicative Offer Price range and/or the number of Offer Shares below those stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.iconspace.com** a notice of the reduction or to be announced in such manner as permitted under the GEM Listing Rules and agreed between our Company and the Sole Bookrunner. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus. In the event that there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Sole Bookrunner, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.iconspace.com** a notice of the change and if applicable the revised date.

Offer Price range

The Offer Price will not be more than HK$1.98 per Offer Share and is expected to be not less than HK$1.38 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced.

Price payable on application

Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK$1.98 for each Offer Share (plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%), amounting to a total of HK$3,999.91 for each board lot of 2,000 Offer Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK$1.98 for each Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies, without any interest) will be made to applicants.

ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATION

Announcement of the final Offer Price, together with the level of indication of interest in the Share Offer, the results of applications and the basis of allocation of the Public Offer Shares are expected to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.iconspace.com** on Monday, 13 January 2020.

OFFER SIZE ADJUSTMENT OPTION

Our Company has granted the Offer Size Adjustment Option (which is granted to the Placing Underwriters and exercisable by the Sole Bookrunner on behalf of the Placing Underwriters) solely to cover any over-allocation in the Placing. Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue up to 6,750,000 additional Shares at the Offer Price, representing approximately 15% of the Offer Shares initially available under the Share Offer.

The Offer Size Adjustment Option can only be exercised at any time before 5:00 p.m. on the Business Day immediately before the date of the announcement of the results of allocation and the basis of allocation of the Public Offer Shares, otherwise it will lapse.

The purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Bookrunner to meet any excess demand in the Share Offer. Any such additional Shares to be issued pursuant to the Offer Size Adjustment Option will not be used for price stabilisation purpose and will not be subject to the Securities and Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong). No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

In the event that the Offer Size Adjustment Option is exercised in full, 6,750,000 additional Offer Shares will be issued resulting in a total number of 186,750,000 Shares in issue and the shareholding of the Shareholders will be diluted by approximately 3.6% following completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

If the Offer Size Adjustment Option is exercised in full, the additional net proceeds received will be allocated on a pro-rata basis in accordance with the allocations as disclosed in the section headed ''Statement of Business Objectives and Use of Proceeds'' in this prospectus.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. In the event that the Offer Size Adjustment Option has not been exercised, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

UNDERWRITING

The Share Offer is fully underwritten by the Underwriters under the terms of the Underwriting Agreements. Our Company expects to enter into the Underwriting Agreements relating to the Share Offer on or about the Price Determination Date. The underwriting arrangements, and the Underwriting Agreements, are summarised in the section headed ''Underwriting'' in this prospectus.

DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Tuesday, 14 January 2020. The Shares will be traded in board lots of 2,000 Shares each. The GEM stock code for the Shares is 8500.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock submission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares. To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **eWhite Form** service at **www.ewhiteform.com.hk**; or
- **electronically** cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the **eWhite Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **eWhite Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager may accept it at its discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **eWhite Form** for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- a Director or the chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.ewhiteform.com.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 30 December 2019 until 12:00 noon on Monday, 6 January 2020 from:

(i) the office of the Sole Sponsor:

Innovax Capital Limited
Room 2002, 20/F
Chinachem Century Tower
178 Gloucester Road
Wanchai, Hong Kong

(ii) the following offices of the Public Offer Underwriters:

Innovax Securities Limited
Unit A–C, 20/F
Neich Tower
128 Gloucester Road, Wanchai
Hong Kong

Marketsense Securities Limited
Unit 7801–03, The Center
99 Queen's Road Central
Hong Kong

Pulsar Capital Limited
Unit 318, 3/F Shui On Centre
6–8 Harbour Road, Wanchai
Hong Kong

(iii) the following office of the Sole Bookrunner and Sole Lead Manager:

Innovax Securities Limited
Unit A–C, 20/F
Neich Tower
128 Gloucester Road, Wanchai
Hong Kong

(iv) any of the designated branches of Bank of China (Hong Kong) Limited, the receiving bank:

District	**Branch Name**	**Address**
Hong Kong Island	Causeway Bay Branch	505 Hennessy Road Causeway Bay Hong Kong
Kowloon	Prince Edward Branch	774 Nathan Road Kowloon
New Territories	Shatin Branch	Shop 20, Level 1 Lucky Plaza 1–15 Wang Pok Street Sha Tin New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 30 December 2019 until 12:00 noon on Monday, 6 January 2020 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED — ICON CULTURE PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving banks listed above, at the following times:

Monday, 30 December 2019	**—**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 31 December 2019	**—**	**9:00 a.m. to 5:00 p.m.**
Thursday, 2 January 2020	**—**	**9:00 a.m. to 5:00 p.m.**
Friday, 3 January 2020	**—**	**9:00 a.m. to 5:00 p.m.**
Saturday, 4 January 2020	**—**	**9:00 a.m. to 1:00 p.m.**
Monday, 6 January 2020	**—**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 6 January 2020, the last application day or such later time as described in the paragraph headed "— 10. Effect of bad weather on the opening of the application lists" in this section.

The application for the Public Offer Shares will commence on Monday, 30 December 2019 through Monday, 6 January 2020, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to the applicants without interest on Monday, 13 January 2020. Investors should be aware that the dealings in the Shares on GEM are expected to commence on Tuesday, 14 January 2020.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **eWhite Form**, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Bookrunner and the Sole Lead Manager (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (a) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and any of their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **eWhite Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (b) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH eWHITE FORM

General

Individuals who meet the criteria in the paragraph headed "— 2. Who can apply" in this section, may apply through the **eWhite Form** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.ewhiteform.com.hk**.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **eWhite Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

Time for submitting applications under the eWhite Form

You may submit your application to the **eWhite Form** Service Provider at **www.ewhiteform.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 30 December 2019 until 11:30 a.m. on Monday, 6 January 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 6 January 2020 or such later time under the paragraph headed "— 10. Effect of bad weather on the opening of the application lists" in this section.

No multiple applications

If you apply by means of **eWhite Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **eWhite Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **eWhite Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **eWhite Form** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square 8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager, the Underwriters and any of their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of our Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of number of 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions[1]

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Monday, 30 December 2019	**—**	**9:00 a.m. to 8:30 p.m.**
Tuesday, 31 December 2019	**—**	**8:00 a.m. to 8:30 p.m.**
Thursday, 2 January 2020	**—**	**8:00 a.m. to 8:30 p.m.**
Friday, 3 January 2020	**—**	**8:00 a.m. to 8:30 p.m.**
Saturday, 4 January 2020	**—**	**8:00 a.m. to 1:00 p.m.**
Monday, 6 January 2020	**—**	**8:00 a.m. to 12:00 noon**

(1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 30 December 2019 until 12:00 noon on Monday, 6 January 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 6 January 2020, the last application day or such later time as described in the paragraph headed "— 10. Effect of bad weather on the opening of the application lists" in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **eWhite Form** services is also only a facility provided by the **eWhite Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** services will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 6 January 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **eWhite Form** services, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

It will be a term and condition of all applications that by completing and delivering an Application Form, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form;

- (if you are an agent for another person) warrant that reasonable enquiries have been made with that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form, and that you are duly authorised to sign the Application Form as that other person's agent.

Multiple applications or suspected multiple applications will be rejected and all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with others) on a WHITE and/or **YELLOW** Application Form; or

- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form for more than 100% of the Public Offer Shares; or

- apply for, take up, indicate an interest (whether individually or jointly with others) for any Placing Shares or otherwise participate in the Placing; or

- both apply on one **WHITE** Application Form and one **YELLOW** Application Form; or receive any Placing Shares under the Placing.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit or for the benefit of any of your joint applicant(s).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;

- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** services in respect of a minimum of 2,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.ewhiteform.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the GEM Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Share Offer — Offer Price — Price determination of the Share Offer" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 January 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 6 January 2020 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 13 January 2020 on our Company's website at **www.iconspace.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.iconspace.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, 13 January 2020;

- from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Monday, 13 January 2020 to 12:00 midnight on Friday, 17 January 2020;

- by telephone enquiry line by calling (852) 2153 1688 between 9:00 a.m. and 6:00 p.m. from Monday, 13 January 2020 to Friday, 17 January 2020 (excluding Saturday, Sunday and Public Holidays);

- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 13 January 2020 to Wednesday, 15 January 2020 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **eWhite Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the **eWhite Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Department of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- Your electronic application instructions through the **eWhite Form** Service Provider are not completed in accordance with the instructions, terms and conditions on the designated website;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Sponsor, the Sole Bookrunner or the Sole Lead Manager believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.98 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 13 January 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, 13 January 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 14 January 2020 provided that the Share Offer has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your application Form, you may collect your refund cheque(s) and/or share certificate(s) from Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 13 January 2020 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form on Monday, 13 January 2020 by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 13 January 2020, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 13 January 2020, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 13 January 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "— 11. Publication of results" in this section above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 13 January 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the eWhite Form

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 13 January 2020, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Refund payment instructions/ refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 13 January 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 13 January 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "— 11. Publication of results" in this section above on Monday, 13 January 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 13 January 2020 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 13 January 2020. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 13 January 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on Pages I-1 to I-56, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ICON CULTURE GLOBAL COMPANY LIMITED AND INNOVAX CAPITAL LIMITED

Introduction

We report on the historical financial information of Icon Culture Global Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-56, which comprises the consolidated statements of financial position of the Group as at 31 December 2017, 31 December 2018 and 30 June 2019, the statement of financial position of the Company as at 30 June 2019, the consolidated statements of profit or loss, 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 years ended 31 December 2017 and 2018 and the six months ended 30 June 2019 (the "Relevant Periods"), 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-56 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 December 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for 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 preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Reporting accountants' responsibility (continued)

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 give a true and fair view in accordance with the basis of preparation and presentation set out in note 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 purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2017 and 2018 and 30 June 2019, the Company's financial position as at 30 June 2019 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, 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 six months ended 30 June 2018 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 23(e) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 December 2019

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 Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

		Year ended 31 December		Six months ended 30 June	
		2017	2018	2018	2019
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	*4*	143,765	208,941	67,197	75,625
Cost of sales		(111,493)	(167,699)	(52,952)	(57,739)
Gross profit		32,272	41,242	14,245	17,886
Other revenue	*5*	1,139	2,798	1,955	695
Other net loss	*6*	(202)	(1,468)	(221)	(37)
Selling expenses		(3,416)	(3,321)	(2,278)	(1,213)
Administrative expenses		(6,559)	(14,049)	(4,256)	(16,372)
Profit from operations		23,234	25,202	9,445	959
Finance costs	*7(a)*	(38)	(485)	(120)	(407)
Profit before taxation	*7*	23,196	24,717	9,325	552
Income tax	*8*	(5,934)	(6,245)	(2,391)	(2,217)
Profit/(loss) for the year/period		17,262	18,472	6,934	(1,665)
Earnings per share					
Basic	*12*	N/A	N/A	N/A	N/A
Diluted	*12*	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

		Year ended 31 December		Six months ended 30 June	
		2017	**2018**	**2018**	**2019**
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit/(loss) for the year/period		17,262	18,472	6,934	(1,665)
Other comprehensive income for the year/period (after tax and reclassification adjustments)	*11*				
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial information of entities not using Renminbi ("RMB") as functional currency		—	—	—	(58)
Total comprehensive income for the year/period		17,262	18,472	6,934	(1,723)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

		As at 31 December		As at 30 June
		2017	2018	2019
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*13*	1,122	947	1,500
Right-of-use assets	*14*	3,102	15,374	10,676
Other receivables	*16*	2,936	—	—
Other financial assets	*15*	3,000	—	—
Deferred tax assets	*22(b)*	427	921	1,000
Total non-current assets		10,587	17,242	13,176
Current assets				
Other financial assets	*15*	15,000	1,775	—
Trade and other receivables	*16*	27,873	67,077	103,075
Restricted deposits with a bank	*17*	—	7,342	7,342
Cash and cash equivalents	*18*	28,227	36,008	38,201
Total current assets		71,100	112,202	148,618
Current liabilities				
Trade and other payables	*19*	13,775	33,966	107,868
Contract liabilities	*20*	5,713	4,188	1,700
Lease liabilities	*21*	600	8,632	10,076
Current taxation	*22(a)*	5,411	4,729	—
Total current liabilities		25,499	51,515	119,644
Net current assets		45,601	60,687	28,974
Total assets less current liabilities		56,188	77,929	42,150
Non-current liability				
Lease liabilities	*21*	2,458	5,727	1,671
Total non-current liability		2,458	5,727	1,671
Net assets		53,730	72,202	40,479
Capital and reserves				
Share capital	*23*	20,010	20,010	—*
Reserves	*23*	33,720	52,192	40,479
Total equity		53,730	72,202	40,479

** The balance represents amount less than RMB1,000.*

The accompanying notes form part of the Historical Financial Information.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 30 June 2019 RMB'000
Non-current asset		
Investment in a subsidiary		—*
Current asset		
Trade and other receivables		51,330
Current liability		
Trade and other payables		10,885
Net assets		40,445
Share capital	23(a)(ii)	—*
Reserves		40,445
Total equity		40,445

* *The balance represents amount less than RMB1,000.*

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Share capital	Share premium	Statutory reserve	(Accumulated losses)/ retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 23(a)	*Note 23(c)(i)*	*Note 23(c)(ii)*		
Balance at 1 January 2017	10,010	7,169	(36)	(320)	16,823
Changes in equity for 2017:					
Profit for the year and total comprehensive income	—	—	—	17,262	17,262
Share issuance	10,000	9,645	—	—	19,645
Transfer to statutory reserve	—	—	1,726	(1,726)	—
Balance at 31 December 2017	20,010	16,814	1,690	15,216	53,730
Balance at 1 January 2018	20,010	16,814	1,690	15,216	53,730
Changes in equity for 2018:					
Profit for the year and total comprehensive income	—	—	—	18,472	18,472
Transfer to statutory reserve	—	—	1,847	(1,847)	—
Balance at 31 December 2018	20,010	16,814	3,537	31,841	72,202

The accompanying notes form part of the Historical Financial Information.

	Note	Share capital RMB'000 Note 23(a)	Share premium RMB'000 Note 23(c)(i)	Other reserve RMB'000 Note 23(c)(iv)	Statutory reserve RMB'000 Note 23(c)(ii)	Exchange reserve RMB'000 Note 23(c)(iii)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2018 (unaudited)		20,010	16,814	—	1,690	—	15,216	53,730
Changes in equity for six months ended 30 June 2018 (unaudited):								
Profit for the period and total comprehensive income		—	—	—	—	—	6,934	6,934
Balance at 30 June 2018 (unaudited)		20,010	16,814	—	1,690	—	22,150	60,664
Balance at 1 January 2019		20,010	16,814	—	3,537	—	31,841	72,202
Changes in equity for six months ended 30 June 2019:								
Loss for the period		—	—	—	—	—	(1,665)	(1,665)
Other comprehensive income	11	—	—	—	—	(58)	—	(58)
Total comprehensive income		—	—	—	—	(58)	(1,665)	(1,723)
Issue of ordinary shares	23(a)(ii)	—*	48,731	—	—	—	—	48,731
Amounts transferred from share premium to share capital	23(c)(i)	16,810	(16,810)	—	—	—	—	—
Arising from reorganisation	23(a)(ii)	(36,820)	(4)	(11,907)	—	—	—	(48,731)
Dividends declared	23(e)	—	—	—	—	—	(30,000)	(30,000)
Balance at 30 June 2019		—*	48,731	(11,907)	3,537	(58)	176	40,479

* *The balance represents amount less than RMB1,000.*

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

		Year ended 31 December		Six months ended 30 June	
		2017	2018	2018	2019
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Operating activities					
Cash generated from/(used in) operations	*18(b)*	226	6,121	(16,435)	485
Interest paid for lease liabilities		(38)	(412)	(120)	(407)
Income tax paid	*22(a)*	(1,306)	(7,421)	(5,952)	(7,406)
Net cash used in operating activities		(1,118)	(1,712)	(22,507)	(7,328)
Investing activities					
Investment income received		192	329	311	27
Proceeds from disposal of other financial assets		58,500	52,000	50,000	6,775
Payments for purchase of other financial assets		(76,500)	(37,000)	(37,000)	(5,000)
Payments for purchase of property, plant and equipment		(1,195)	(169)	(63)	(763)
Payments for purchase of right-of-use assets		(1,680)	—	—	—
Net cash (used in)/generated from investing activities		(20,683)	15,160	13,248	1,039

		Year ended 31 December		Six months ended 30 June	
		2017	2018	2018	2019
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Financing activities					
Proceeds from issuance of share, net of issuance cost	*23(a)(i)*	19,645	—	—	—
Capital injection from controlling shareholder in Reorganisation	*23(a)(ii)*	—	—	—	12,324
Advance from a third party	*18(c)*	—	5,000	—	—
Repayment to a third party	*18(c)*	—	(5,000)	—	—
Interest paid	*18(c)*	—	(73)	—	—
Payments of lease liabilities	*18(c)*	(210)	(5,594)	(1,768)	(2,612)
Payments of listing related expenses		—	—	—	(1,170)
Net cash generated from/(used in) financing activities		19,435	(5,667)	(1,768)	8,542
Net (decrease)/increase in cash and cash equivalents		(2,366)	7,781	(11,027)	2,253
Cash and cash equivalents at the beginning of the year/period		30,593	28,227	28,227	36,008
Effect of foreign exchange rate changes		—	—	—	(60)
Cash and cash equivalents at the end of the year/period	*18(a)*	28,227	36,008	17,200	38,201

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

1.1 General information

Icon Culture Global Company Limited was incorporated in the Cayman Islands on 24 April 2019 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation below. The principal activities of Company and its subsidiaries (together, the "Group") are rendering multimedia integrated solutions services (the "Business") in the People's Republic of China (the "PRC").

1.2 Reorganisation and basis of presentation

During the Relevant Periods, the Business was conducted through Guangzhou Icon Culture Media Investment Co., Ltd. ("Icon Media", formally known as Guangzhou Icon Media Co., Ltd. and Guangzhou Icon Media Joint-stock Co., Ltd.) and its subsidiary Guangdong Icon Wenchuan Technology Co., Ltd. ("Icon Wenchuan") established in the PRC, which are controlled by Mr. Chow Eric Tse To (the "Controlling Shareholder"). To rationalise the corporate structure in preparation for the listing of the Company's shares on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group underwent a reorganisation (the "Reorganisation") as detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. The Reorganisation only involved inserting certain entities with no substantive operations as holding companies of Icon Media. Upon completion of the Reorganisation in 2019, the Company became the holding company of the Group. As such, Icon Media was controlled by the Controlling Shareholder during the Relevant Periods before and after the Reorganisation and therefore there were no changes in the economic substance of the ownership and the business of the Group. The Historical Financial Information has been prepared and presented as a continuation of the financial information of companies now comprising the Group with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

1.3 Subsidiaries

As at the date of this report, no audited financial statements have been prepared for the Company as it is an investment holding company and not subject to statutory audit requirements under relevant rules and regulations in the jurisdiction of incorporation. The statutory financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to these entities.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Direct	Indirect	
Inspiring Chance Holding Limited (i)	30 April 2019 British Virgin Islands ("BVI")	US$1	100%	—	Investment holding
Shining Glow Limited (ii)	20 May 2019 Hong Kong	HK$1	—	100%	Investment holding
Guangzhou Icon Culture Media Investment Co., Ltd. (iii)(iv)(v) (廣州天泓文化傳媒投資有限公司)	26 June 2009 PRC	RMB36,820,000	—	100%	Integrated multimedia advertising services

Notes:

i. The entity was not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

ii. No statutory audited financial statements have been prepared for this entity during the Relevant Periods as it was newly incorporated in May 2019.

iii. The statutory financial statements of this entity for the year ended 31 December 2017 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC. The statutory financial statements were audited by Pan-China Certified Public Accounting Firm LLP.

iv. The shares of Icon Media were listed on The National Equities Exchange and Quotations Ltd. of the PRC (the "NEEQ") on 14 March 2017, with a total number of 10,000,000 shares issued to the two investors, Guangzhou Hong Xi Investment Development Co., Ltd. and Cai Xiaoshan. The gross proceeds received by Icon Media from the shares offering were approximately RMB19,800,000. On 14 December 2018, Icon Media withdrew the listing of its shares from the NEEQ.

v. This entity constitutes the PRC Operating Entity and the official name is in Chinese. The English name is for identification purpose only.

1.4 Basis of preparation

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs, which are effective for the accounting period beginning on 1 January 2019, including HKFRS 9, Financial instruments, HKFRS 15, Revenue from contracts with customers and HKFRS 16, Leases, consistently throughout the Relevant Periods. The adoption of HKFRS 9 and HKFRS 15 did not have significant impact on the Group's financial position and performance throughout the Relevant Periods when compared to those that would have been presented under HKAS 39, Financial Instruments: Recognition and Measurement, and HKAS 18, Revenue. The adoption of HKFRS 16 primarily leads to an increase in both assets and liabilities and to impact on the timing of expense recognition in the consolidated statement of profit or loss over the period of leases. However, the adoption of HKFRS 16 did not have significant impact on the Group's net assets and net profit/(loss) throughout the Relevant Periods when compared to those that would have been presented under HKAS 17, Leases.

Amendments, new standards and interpretations issued but not yet effective and which have not been adopted by the Group for the accounting period beginning on 1 January 2019 are set out in note 29.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is presented in RMB, rounded to the nearest thousand except share data.

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that financial assets at fair value through profit or loss and other financial assets stated at fair value as explained in note 2(d).

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may 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.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)).

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investment in a subsidiary are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 24(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(o)(iv)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(g)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

• Motor vehicles	4 years
• Office equipment and others	2–5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

— the contract involves the use of an identified asset — this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

— the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

— the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset in used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:

  — the Group has the right to operate the asset; or

  — the Group designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payment made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or losses if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statements of financial position.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of certain premises that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(g) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, restricted deposits with a bank, trade and other receivables).

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— Life time ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(o)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets; and

— investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— 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 the 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 ("CGU")).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if 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 unit (or group of units) on a pro rata basis, except that the carrying value 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

In respect of assets other than goodwill, 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 period in which the reversals are recognised.

(h) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(o)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(i)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(o)).

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(g)(i)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(g)(i).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to defined contribution retirement plans

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are charged to profit or loss as the related services are rendered by the employees.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employee's relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investment in a subsidiary to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate 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 benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax ("VAT") and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Integrated multimedia advertising services

Revenue from integrated multimedia advertising services is recognised on a straight-line basis over the performance period for which the services are rendered.

(ii) Public relations ("PR"), marketing campaigns and other services

Revenue from public relations, marketing campaigns and other services is recognised when the related services are rendered.

(iii) Sales of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(g)(i)).

(v) Government grants

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 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 recognised as deferred income and consequently are effectively recognised in profit or loss on a systematic basis over the useful life of the asset.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group or the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations with functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(q) Research and development expenses

Research and development expenses comprise all expenses that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such expenses as an asset are generally not met. Hence both research expenses and development expenses are recognised as expenses in the period in which they are incurred.

(r) Related parties

(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 the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiaries and fellow subsidiaries 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 employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(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 Group'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.

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 24 contains information about the assumptions and their risk factors relating to fair value of financial assets. Other key sources of estimation uncertainty and critical accounting judgments in the process of applying the Group's accounting policies are described below.

(a) Principal versus agent considerations — revenue from provision of advertising services

In determining whether the Group is acting as a principal or as an agent in the provision of advertising services, judgements and considerations of all relevant facts and circumstances are required. The Group is a principal in a transaction if the Group obtains control of services provided before they are transferred to customers. If control is unclear, when the Group is primarily obligated in a transaction, and has latitude in establishing prices and selecting publishers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from services provided.

(b) Loss allowance for trade and other receivables

The Group estimates the loss allowances for trade and other receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives while assessing the expected credit loss of other receivables during 12 months unless there has been significant increase in credit risk since the initial recognition.

(c) Recognition of deferred tax assets

Deferred tax assets in respect of deductible temporary differences carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and requires significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are rendering traditional offline media advertising, online media advertising, PR, marketing campaigns and other services. Further details regarding the Group's principal activities are disclosed in note 4(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	For the year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major service lines				
Traditional offline media advertising services				
— acting as a principal	116,836	169,003	58,748	61,863
— acting as an agent	—	—	—	—
Online media advertising services				
— acting as a principal	12,893	12,249	5,152	7,579
— acting as an agent	1,274	2,221	311	33
PR, marketing campaigns and other services*				
— acting as a principal	12,762	25,468	2,986	6,150
— acting as an agent	—	—	—	—
	143,765	208,941	67,197	75,625

* Revenue from PR, marketing campaigns includes revenue of sales of goods.

Disaggregation of revenue from contracts with customers by timing is disclosed in note 4(b)(i).

Disaggregation of revenue by geographical market is disclosed in note 4(b)(iii).

During the Relevant Periods, the Group's customers with whom transactions have exceeded 10% of the Group's revenue in the respective year/period are set out below:

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	59,192	N/A*	7,113	N/A*
Customer B	35,821	31,467	10,607	N/A*
Customer C	17,443	N/A*	8,614	N/A*
Customer D	N/A*	85,593	21,831	16,576
Customer E	N/A*	N/A*	N/A*	26,351
Customer F	N/A*	N/A*	N/A*	7,844

* Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year/period.

Details of concentrations of credit risk arising from these customers are set out in note 24(a).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Traditional offline media advertising services: operation of media advertising services on television and other broadcasting channels, newspapers, journals, public transports, elevators and lifts;

— Online media advertising services: operation of media advertising services on selected websites, online social media groups and Apps;

— PR, marketing campaigns and other services: assisting in launching campaigns and events to promote brands, services and products of the Group's customers;

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and costs are allocated to the reportable segments with reference to sales generated by those segments and the costs incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. However, assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is ''adjusted EBITDA'' i.e. ''adjusted earnings before finance costs, interest income, taxes and depreciation''. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as listing expenses, staff costs, directors' and auditors' remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contacts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for each of the years ended 31 December 2017 and 2018 and for the six months ended 30 June 2019 is set out below.

For the year ended 31 December 2017	Traditional offline media advertising services *RMB'000*	Online media advertising services *RMB'000*	PR, marketing campaigns and other services *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	—	6,808	3,097	9,905
Over time	116,836	7,359	9,665	133,860
Reportable segment revenue	116,836	14,167	12,762	143,765
Reportable segment profit (adjusted EBITDA)	27,870	2,222	4,606	34,698

For the year ended 31 December 2018	Traditional offline media advertising services *RMB'000*	Online media advertising services *RMB'000*	PR, marketing campaigns and other services *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	—	9,093	3,533	12,626
Over time	169,003	5,377	21,935	196,315
Reportable segment revenue	169,003	14,470	25,468	208,941
Reportable segment profit (adjusted EBITDA)	32,575	5,798	10,666	49,039

For the six months ended 30 June 2018 (Unaudited)	Traditional offline media advertising services *RMB'000* (unaudited)	Online media advertising services *RMB'000* (unaudited)	PR, marketing campaigns and other services *RMB'000* (unaudited)	Total *RMB'000* (unaudited)
Disaggregated by timing of revenue recognition				
Point in time	—	2,776	1,244	4,020
Over time	58,748	2,687	1,742	63,177
Reportable segment revenue	58,748	5,463	2,986	67,197
Reportable segment profit (adjusted EBITDA)	14,873	1,374	891	17,138

For the six months ended 30 June 2019	Traditional offline media advertising services *RMB'000*	Online media advertising services *RMB'000*	PR, marketing campaigns and other services *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	—	7,612	2,373	9,985
Over time	61,863	—	3,777	65,640
Reportable segment revenue	61,863	7,612	6,150	75,625
Reportable segment profit (adjusted EBITDA)	16,349	4,806	2,330	23,485

(ii) Reconciliations of reportable segment profits

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Reportable segment profit	34,698	49,039	17,138	23,485
Depreciation				
— Property, plant and equipment	(117)	(344)	(168)	(208)
— Right-of-use assets	(166)	(6,207)	(1,887)	(4,698)
Finance costs	(38)	(485)	(120)	(407)
Interest income	147	208	94	114
Unallocated other revenue	992	2,590	1,861	581
Unallocated head office and corporate expenses and other expenses	(12,320)	(20,084)	(7,593)	(18,315)
Consolidated profit before taxation	23,196	24,717	9,325	552

(iii) Geographic information

All of the Group's revenue and assets are generated and located in the PRC.

(c) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

Contracts with customers within in the scope of HKFRS 15

As at 31 December 2017 and 2018 and 30 June 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB25,513,000, RMB13,293,000 and RMB13,105,000, respectively. These amounts represent revenue expected to be recognised in the future from contracts of media advertising services and other services entered into by the customers with the Group. The Group will recognise the expected revenue in future when the services are rendered, which are expected to occur in the next year.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its service contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an original expected duration of one year or less.

5 OTHER REVENUE

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Interest income	147	208	94	114
Investment income *(i)*	192	329	311	27
Government grants *(ii)*				
— Unconditional subsidies	800	2,261	1,550	350
Others	—	—	—	204
	1,139	2,798	1,955	695

Notes:

(i) Investment income were generated from wealth management products held by the Group (note 15(ii)).

(ii) Government grant represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

6 OTHER NET LOSS

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Changes in fair value of other financial assets *(note 15(i))*	—	(1,225)	—	—
Foreign exchange loss	—	—	—	(1)
Others	(202)	(243)	(221)	(36)
	(202)	(1,468)	(221)	(37)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Interest on lease liabilities	38	412	120	407
Other interest expenses	—	73	—	—
	38	485	120	407

(b) Staff costs (including directors' emoluments)

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Salaries, wages, bonuses and benefits	5,667	8,339	3,647	3,781
Contributions to retirement schemes	341	650	284	332
	6,008	8,989	3,931	4,113

The PRC entities participate in defined contribution retirement schemes (the ''Schemes'') organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group has no other material obligations for payments of pension benefits beyond the contributions described above.

(c) Other items

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Media costs	99,619	144,032	47,429	46,615
Costs for PR, marketing campaigns and other services	8,006	14,654	2,069	3,669
Depreciation				
— Property, plant and equipment	117	344	168	208
— Right-of-use assets	166	6,207	1,887	4,698
Recognition of impairment losses of				
— Trade receivable	11	521	202	28
— Other receivables	—	—	—	1,500
Research and development expenses (i)	2,726	8,146	1,840	1,859
Professional services fee	1,569	1,319	285	165
Auditors' remuneration	156	—	—	—
Listing expenses	—	142	—	11,175

(i) Research and development expenses include staff costs of RMB2,560,000, RMB3,303,000, RMB1,183,000 (unaudited) and RMB1,555,000, depreciation expenses of RMB1,000, RMB361,000, RMB176,000 (unaudited) and RMB166,000 for the year ended 31 December 2017 and 31 December 2018 and the six months ended 30 June 2018 and 2019, which is disclosed in note 7(b) and note 7(c), respectively.

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Current tax — PRC Income tax				
Provision for the year/period *(note 22(a))*	6,343	6,739	2,492	2,296
Deferred tax				
Origination of temporary differences *(note 22(b))*	(409)	(494)	(101)	(79)
	5,934	6,245	2,391	2,217

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Profit before taxation	23,196	24,717	9,325	552
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdiction concerned *(Note (i))*	5,799	6,179	2,331	2,210
Effect of non-deductible expenses	135	66	60	7
Income tax expense	5,934	6,245	2,391	2,217

Note:

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made, as the subsidiary in Hong Kong did not have any assessable profits which is subject to Hong Kong Profits Tax during the Relevant Periods.

The statutory income tax rate for the PRC subsidiaries is 25% during the Relevant Periods.

9 DIRECTORS' EMOLUMENTS

The emoluments of the directors during the Relevant Periods is set out below:

Year ended 31 December 2017

	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Chow Eric Tse To	—	—	—	—	—
Ms. Cai Xiaoshan	—	—	—	—	—
Mr. Lau Tung Hei Derek	—	458	—	—	458
Mr. Liu Biao	—	207	83	28	318
Ms. Liang Wei	—	313	28	18	359
Total	—	978	111	46	1,135

Year ended 31 December 2018

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Executive directors					
Mr. Chow Eric Tse To	—	—	—	—	—
Ms. Cai Xiaoshan	—	—	—	—	—
Mr. Lau Tung Hei Derek	—	—	—	—	—
Mr. Liu Biao	—	504	51	30	585
Ms. Liang Wei	—	554	48	32	634
Total	—	1,058	99	62	1,219

Six months ended 30 June 2018 (unaudited)

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Executive directors					
Mr. Chow Eric Tse To	—	—	—	—	—
Ms. Cai Xiaoshan	—	—	—	—	—
Mr. Lau Tung Hei Derek	—	—	—	—	—
Mr. Liu Biao	—	190	—	14	204
Ms. Liang Wei	—	264	—	15	279
Total	—	454	—	29	483

Six months ended 30 June 2019

	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Total *RMB'000*
Executive directors					
Mr. Chow Eric Tse To	—	—	—	—	—
Ms. Cai Xiaoshan	—	—	—	—	—
Mr. Lau Tung Hei Derek	—	—	—	—	—
Mr. Liu Biao	—	269	—	16	285
Ms. Liang Wei	—	302	—	16	318
Total	—	571	—	32	603

All of individuals above were appointed as executive directors of the Company on 31 May 2019. Before the establishment of the Company, Mr. Chow Eric Tse To, Ms. Cai Xiaoshan, Mr. Lau Tung Hei Derek and Mr. Liu Biao were the directors of the Icon Media during the Relevant Periods. And Ms. Liang Wei was appointed as the director of the Icon Media since June 2017.

Directors of the Company received remuneration from Icon Media during the Relevant Periods which was included in staff costs as disclosed in note 7(b).

Mr. Lee Siu Hang Foster, Ms. Tam Hon Shan Celia and Mr. Tian Tao were appointed as independent non-executive director in December 2019.

During the Relevant Periods, there was no amount paid or payable by the Group to the directors or any of the 5 highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director had waived or agreed to waive any remuneration during the Relevant Periods.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the 5 individuals with the highest emoluments, 3, 2, 2 and 2 are directors for the year ended 31 December 2017 and 2018 and the six months ended 30 June 2018 and 2019, respectively, whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the remaining individuals during the Relevant Periods are as follows:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	761	1,101	496	559
Discretionary bonuses	59	117	—	—
Retirement scheme contributions	37	94	44	46
	857	1,312	540	605

The emoluments of the 2, 3, 3 and 3 individuals with the highest emoluments during the Relevant Periods are within the following bands:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	Number of individuals	*Number of individuals*	*Number of individuals* (unaudited)	*Number of individuals*
Nil to HK$1,000,000	2	3	3	3

11 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	31 December 2017			31 December 2018			30 June 2018			30 June 2019		
	Before-tax amount	Tax expense	Net-of tax amount	Before-tax amount	Tax expense	Net-of tax amount	Before-tax amount	Tax expense	Net-of tax amount	Before-tax amount	Tax expense	Net-of tax amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000* (unaudited)	*RMB'000*	*RMB'000*	*RMB'000*
Exchange differences on translation of financial information of entities not using RMB as functional currency	—	—	—	—	—	—	—	—	—	(58)	—	(58)

12 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Relevant Periods using the basis of preparation as disclosed in note 1 above.

13 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Office equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2017	—	213	213
Additions	1,123	72	1,195
At 31 December 2017 and 1 January 2018	1,123	285	1,408
Additions	—	169	169
At 31 December 2018 and 1 January 2019	1,123	454	1,577
Additions	—	763	763
Disposals	—	(213)	(213)
At 30 June 2019	1,123	1,004	2,127
Accumulated depreciation:			
At 1 January 2017	—	(169)	(169)
Charge for the year	(93)	(24)	(117)
At 31 December 2017 and 1 January 2018	(93)	(193)	(286)
Charge for the year	(278)	(66)	(344)
At 31 December 2018 and 1 January 2019	(371)	(259)	(630)
Charge for the period	(139)	(69)	(208)
Written back on disposals	—	211	211
At 30 June 2019	(510)	(117)	(627)
Net book value:			
At 31 December 2017	1,030	92	1,122
At 31 December 2018	752	195	947
At 30 June 2019	613	887	1,500

14 RIGHT-OF-USE ASSETS

Information about leases for which the Group is a lessee is presenting as below:

	Advertising spaces and billboards	Office	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2017	—	—	—
Additions	—	3,268	3,268
At 31 December 2017 and 1 January 2018	—	3,268	3,268
Additions	18,479	—	18,479
At 31 December 2018 and 1 January 2019	18,479	3,268	21,747
Reduction	(3,887)	—	(3,887)
At 30 June 2019	14,592	3,268	17,860
Accumulated depreciation:			
At 1 January 2017	—	—	—
Charge for the year	—	(166)	(166)
At 31 December 2017 and 1 January 2018	—	(166)	(166)
Charge for the year	(5,542)	(665)	(6,207)
At 31 December 2018 and 1 January 2019	(5,542)	(831)	(6,373)
Charge for the period	(4,425)	(273)	(4,698)
Written back on reduction	3,887	—	3,887
At 30 June 2019	(6,080)	(1,104)	(7,184)
Net book value:			
At 31 December 2017	—	3,102	3,102
At 31 December 2018	12,937	2,437	15,374
At 30 June 2019	8,512	2,164	10,676

The Group leases advertising spaces and billboards and a office expiring from 1.3 to 5 years. All leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		Six months ended 30 June	
	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Interest on lease liabilities	38	412	120	407
Expenses relating to short-term leases	220	1,415	708	—
	258	1,827	828	407

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes18(d) and 21, respectively.

15 OTHER FINANCIAL ASSETS

		As at 31 December		As at 30 June
		2017	**2018**	**2019**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Financial assets at FVPL				
Unlisted equity securities	*(i)*	3,000	—	—
Current				
Financial assets at FVPL				
Unlisted equity securities	*(i)*	—	1,775	—
Wealth management products	*(ii)*	15,000	—	—
		15,000	1,775	—

Notes:

(i) The unlisted equity securities represented the 20% equity interests in Guangzhou Longyan Culture Communication Co., Ltd. ("Guangzhou Longyan"), a private media company in the PRC, over which the Group did not have control or significant influence. As at 31 December 2017, the Group intended to hold such equity securities as long-term investments and thus classified relevant balances as non-current assets. During the year ended 31 December 2018, the Group's management resolved to dispose all its equity interests in Guangzhou Longyan with a consideration amounted to RMB1,775,000. The Group reclassified the other financial assets to current portion and recognised the impairment losses of RMB1,225,000 to write down the carrying amount of the investment to the recoverable amount. The disposal of equity interest in Guangzhou Longyan was completed in January 2019 and the consideration has been fully received by February 2019.

(ii) The Group purchased wealth management products from financial institutions in the PRC during the year ended 31 December 2017 and 31 December 2018 and the six months ended 30 June 2019. As at 31 December 2017, the balance represented the wealth management products with principal of RMB15,000,000, which is 100% guaranteed with floating expected annual return rate from 2.9% to 3.0%. Returns above are calculated by the financial institutions on a daily basis. The Group can withdraw the wealth management products on each business day. As at 31 December 2018 and 30 June 2019, the Group has withdrawn all the wealth management products from the financial institutions.

16 TRADE AND OTHER RECEIVABLES

	Note	As at 31 December 2017 RMB'000	2018 RMB'000	As at 30 June 2019 RMB'000
Current				
Trade debtors		19,865	60,817	59,667
Less: Allowance for doubtful debts	*24(a)*	(82)	(603)	(631)
Subtotal		19,783	60,214	59,036
Prepayments for media costs		7,583	3,119	929
Rental and services deposits		430	3,660	2,624
Amounts due from a third party		—	—	1,500
Receivable from shareholders in Reorganisation	*23(a)(ii)*	—	—	36,407
Deferred listing expenses		—	47	3,577
Advance payments of income tax	*22(a)*	—	—	381
Others		77	37	121
Less: loss allowance of other receivables		—	—	(1,500)
Subtotal		8,090	6,863	44,039
		27,873	67,077	103,075
Non-current				
Prepayment for right-of-use assets		1,680	—	—
Services deposits		1,000	—	—
Others		256	—	—
		2,936	—	—

Rental deposits might be recovered after more than one year. All of the other trade receivables classified as current portion are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of each of the reporting period, the ageing analysis of trade receivables, based on the date of billing and net of loss allowance, is as follows:

	As at 31 December 2017 RMB'000	2018 RMB'000	As at 30 June 2019 RMB'000
Within 1 month	19,297	29,047	12,974
1 to 3 months	230	23,559	34,358
Over 3 months	256	7,608	11,704
	19,783	60,214	59,036

Trade receivables are mainly due within 15 to 180 days from the date of billing. Further details on the Group's credit policy are set out in note 24(a).

17 RESTRICTED DEPOSITS WITH A BANK

As at 31 December 2018 and 30 June 2019, the restricted deposits with a bank amounting to RMB7,342,000 was required by the court due to a litigation dispute (note 25).

18 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank	28,213	35,972	38,188
Cash on hand	14	36	13
	28,227	36,008	38,201

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations:

		Year ended 31 December		Six months ended 30 June	
		2017	2018	2018	2019
	Note	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation		23,196	24,717	9,325	552
Adjustments for:					
Depreciation					
— Property, plant and equipment	*7(c)*	117	344	168	208
— Right-of-use assets	*7(c)*	166	6,207	1,887	4,698
Impairment losses for trade receivables	*7(c)*	11	521	202	28
Impairment losses for other receivables	*7(c)*	—	—	—	1,500
Investment income	*5*	(192)	(329)	(311)	(27)
Finance costs	*7(a)*	38	485	120	407
Foreign exchange loss		—	—	—	1
Changes in fair value of other financial assets	*6*	—	1,225	—	—
Loss arising from disposals of property, plant and equipment		—	—	—	2
Changes in working capital:					
Increase in restricted deposits with a bank		—	(7,342)	(7,342)	—
Increase in trade and other receivables		(14,475)	(38,373)	(35,404)	(735)
(Decrease)/increase in trade and other payables		(8,635)	18,666	14,920	(6,149)
Cash generated from/ (used in) operations		226	6,121	(16,435)	485

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities *RMB'000*	**Other payables** *RMB'000*	**Interest payment** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2017	—	—	—	—
Change from financing cash flows:				
Payment of lease liabilities	(210)	—	—	(210)
Total change from financing cash flows	(210)	—	—	(210)
Other change:				
Addition of lease liabilities	3,268	—	—	3,268
Total other change	3,268	—	—	3,268
Balance at 31 December 2017	3,058	—	—	3,058
Balance at 1 January 2018	3,058	—	—	3,058
Changes from financing cash flows:				
Advance from a third party	—	5,000	—	5,000
Repayment to a third party	—	(5,000)	—	(5,000)
Payment of lease liabilities	(5,594)	—	—	(5,594)
Interest paid	—	—	(73)	(73)
Total changes from financing cash flows	(5,594)	—	(73)	(5,667)
Other changes:				
Addition of lease liabilities	16,895	—	—	16,895
Interest expense	—	—	73	73
Total other changes	16,895	—	73	16,968
Balance at 31 December 2018	14,359	—	—	14,359

	Lease liabilities *RMB'000*	Interest payment *RMB'000*	Total *RMB'000*
Balance at 1 January 2018	3,058	—	3,058
Change from financing cash flows (Unaudited):			
Payment of lease liabilities	(1,768)	—	(1,768)
Total change from financing cash flows	(1,768)	—	(1,768)
Other change (Unaudited):			
Addition of lease liabilities	2,302	—	2,302
Total other change	2,302	—	2,302
Balance at 30 June 2018 (unaudited)	3,592	—	3,592
Balance at 1 January 2019	14,359	—	14,359
Change from financing cash flows:			
Payment of lease liabilities	(2,612)	—	(2,612)
Total change from financing cash flows	(2,612)	—	(2,612)
Balance at 30 June 2019	11,747	—	11,747

(d) Total cash outflow for leases:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Within operating cash flows	258	1,827	828	407
Within investing cash flows	1,680	—	—	—
Within financing cash flows	210	5,594	1,768	2,612
Total cash outflow for leases	2,148	7,421	2,596	3,019

19 TRADE AND OTHER PAYABLES

		As at 31 December		As at 30 June
		2017	**2018**	**2019**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables		8,488	22,725	13,840
Other tax payables		2,332	4,276	675
Payroll payable		932	1,093	522
Accruals for litigation compensation	*25*	1,640	1,709	1,743
Payable to then shareholders in Reorganisation	*23(a)(ii)*	—	—	48,731
Dividends payable	*26(c)*	—	—	30,000
Other payables to controlling shareholder	*23(e)*	—	—	1,321
Others		383	4,163	11,036
		13,775	33,966	107,868

The accruals for litigation is payable to the counterparty after final count decision, which might be made after more than one year. All of the other trade payables are expected to be settled within one year or are repayable on demand.

The credit period granted by the suppliers is 10 to 120 days.

As of the end of each of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	7,034	17,073	5,379
1 to 3 months	3	4,278	4,015
Over 3 months	1,451	1,374	4,446
	8,488	22,725	13,840

20 CONTRACT LIABILITIES

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	
Services fees received in advance from customers	5,713	4,188	1,700

Services fees received in advance from customers are recorded as contract liabilities in the consolidated statements of financial position at the time of receipt. Revenue from provision of services is recognised according to the accounting policy set out in note 2(o).

Movements in contract liabilities

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	9,567	5,713	4,188
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(9,567)	(5,713)	(4,078)
Increase in contract liabilities as a result of receipt in advance	5,713	4,188	1,590
	5,713	4,188	1,700

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December of 2017 and 2018 and 30 June 2019:

	31 December 2017		31 December 2018		30 June 2019	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	600	736	8,632	9,147	10,076	10,400
After 1 year but within 2 years	629	736	4,494	4,638	699	763
After 2 years but within 5 years	1,829	2,023	1,233	1,287	972	1,004
	2,458	2,759	5,727	5,925	1,671	1,767
	3,058	3,495	14,359	15,072	11,747	12,167
Less: total future interest expenses		(437)		(713)		(420)
Present value of lease liabilities		3,058		14,359		11,747

22 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	374	5,411	4,729
Provision for PRC income tax for the year/period *(note 8(a))*	6,343	6,739	2,296
Income tax paid during the year/period	(1,306)	(7,421)	(7,406)
At the end of the year/period	5,411	4,729	(381)

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities.

The component of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

	Credit loss allowance	Accruals for litigation compensation	Fair value changes of financial assets	Leases	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017	18	—	—	—	—	18
Credited to profit or loss *(note 8(a))*	3	401	—	5	—	409
At 31 December 2017 and 1 January 2018	21	401	—	5	—	427
Credited/(charged) to profit or loss *(note 8(a))*	129	—	306	95	(36)	494
At 31 December 2018 and 1 January 2019	150	401	306	100	(36)	921
Credited/(charged) to profit or loss *(note 8(a))*	382	—	(306)	27	(24)	79
At 30 June 2019	532	401	—	127	(60)	1,000

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	
Net deferred tax assets recognised in the consolidated statements of financial position	427	921	1,000

(c) Deferred tax liabilities not recognised

According to the Corporate Income Tax ("CIT") Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding income tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

As at 30 June 2019, deferred tax liabilities in respect of the dividend withholding tax relating to the undistributed profits of the Company's PRC subsidiary was not recognised as the Company controls the dividend policy of the subsidiary. Based on the assessment made by management as at 30 June 2019, it was determined that the undistributed profits of the Company's PRC subsidiary would not be distributed in the foreseeable future. The amounts of undistributed profit of the Company's subsidiary are set out below:

	As at 30 June 2019
	RMB'000
Distributable profits earned by PRC subsidiary	8,464

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

(i) Share capital prior to and after Reorganisation

Icon Media was listed on the NEEQ on 15 March 2017, with a total shares number of 10,000,000 issued to the two investors Guangzhou Hong Xi Investment Development Co., Ltd. and Cai Xiaoshan. The net proceeds received by Icon Media from the shares offering were approximately RMB19,645,000. On 14 December 2018, Icon Media withdrew the listing of its shares from the NEEQ.

Since the Reorganisation was not completed as at 31 December 2018, the share capital in the consolidated statements of financial position as at 31 December 2018 and 2017 represented the share capital of Icon Media.

Upon the completion of Reorganisation in 2019, the Company became the holding company of the Group. Share capital as at 30 June 2019 represented solely the share capital of the Company.

(ii) Share capital of the Company

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 24 April 2019 with an initial authorised share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each. The Company allotted and issued 1,000 shares (including 135 shares on 24 April 2019 and 865 shares on 13 June 2019) with par value of HK$10, equivalent to RMB8.77 to its shareholders, for a total consideration of RMB48,731,400, equivalent to HK$55,360,000. The above consideration were partially paid on 20 June 2019, amounting to RMB12,324,000, and the remaining amount has been fully settled in August 2019.

Inspiring Chance Holding Limited ("Icon BVI") was incorporated under the laws of the BVI with limited liability on 30 April 2019. Icon BVI is authorised to issue a maximum of 50,000 shares of a single class of par value US$1.00 each. On the same day, one share with par value of US$1.00, equivalent to RMB6.73, was allotted and issued at par as fully paid to the Company. As such, Icon BVI became a wholly-owned subsidiary of the Company.

Shining Glow Limited ("Icon HK") was incorporated in Hong Kong with limited liability on 20 May 2019. On the same day, one share was allotted and issued at a consideration of HK$1.00, equivalent to RMB0.88, as fully paid to Icon BVI. As such, Icon HK became a wholly-owned subsidiary of the Icon BVI and an indirect wholly-owned subsidiary of the Company.

On 28 May 2019, an equity transfer agreement was entered into between the then shareholders of Icon Media and Icon HK, pursuant to which the then shareholders of Icon Media agreed to transfer their total 100% equity interests in Icon Media to Icon HK for a total consideration of RMB48,731,400 which has been fully paid in August 2019. Upon completion of the equity transfer, the share capital of Icon Media was owned as to 100% by Icon HK.

Since then, the share capital in the consolidated financial statements of financial position as at 30 June 2019 represented solely the share capital of the Company.

(b) Movements in component of equity

Details of the changes in the Company's individual components of equity for the six months ended 30 June 2019 are set out as below:

Company	Share capital	Share premium	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 24 April 2019 (date of incorporation)	—*	—	—	—*
Loss for the period	—	—	(8,286)	(8,286)
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	(8,286)	(8,286)
Share issuance	—*	48,731	—	48,731
At 30 June 2019	—*	48,731	(8,286)	40,445

* The balance represents amount less than RMB1,000.

(c) Nature and purpose of reserves

(i) Share premium

The share premium represented premium arising from capital injection made by shareholders to Icon Media (note 23(a)(i)).

Pursuant to the shareholders written resolutions of Icon Media dated 15 April 2019, share premium of RMB16,810,000 of Icon Media was transferred to its share capital.

(ii) Statutory reserve

According to the PRC Company Law, the Company's PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting regulations, to statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve can be used to reduce previous years' losses, if any, and may be converted into capital in proportion to the existing equity interest of investors.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with functional currencies other than the RMB presentation currency. The reserve is dealt with in accordance with the accounting policies set out in note 2(p).

(iv) Other reserve

Other reserve represents the difference between (1) the total consideration of RMB48,731,000 due from the Company's shareholders arising from Reorganisation; and (2) the aggregate amount of share capital and share premium of Icon Media of RMB36,824,000 prior to Reorganisation.

(d) Capital management

The Group's primary objective when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

(e) Dividends

No dividend was declared or paid by the Company to its equity shareholders during the Relevant Periods.

Pursuant to the written resolutions dated 30 April 2019 by the then shareholders of Icon Media, dividend of RMB30,000,000 was declared, which has been fully paid in August 2019.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL ASSETS

Exposure to credit, liquidity and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits with a bank is limited because the counterparties are banks with high-credit-quality, for which the Group considers to have low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2017 and 2018 and 30 June 2019, 14%, 6% and 27% of the total trade and other receivables was due from the Group's largest customer by revenue, and 64%, 66% and 45% of the total trade and other receivables was due from the Group's 5 largest customers by revenue, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivable and other receivables at an amount equal to lifetime ECLs and 12-month ECLs, respectively, which is calculated using a provision matrix. As the Group's credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer segments.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2017, 31 December 2018 and 30 June 2019:

	As at 31 December 2017		
	Expected loss rates	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Neither past due nor impaired	0.38%	19,583	74
Less than 3 months past due	1.31%	—	—
Over 3 months but less than 9 months past due	2.75%	282	8
		19,865	82

	As at 31 December 2018		
	Expected loss rates	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Neither past due nor impaired	0.38%	32,732	125
Less than 3 months past due	1.31%	25,875	339
Over 3 months but less than 9 months past due	2.75%	886	24
Over 9 months but less than 12 months past due	8.70%	1,324	115
		60,817	603

	As at 30 June 2019		
	Expected loss rates	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Neither past due nor impaired	0.38%	50,964	191
Less than 3 months past due	1.31%	7,900	96
Over 3 months but less than 9 months past due	2.75%	607	11*
Over 9 months but less than 12 months past due	8.70%	14	1
Over 12 months but less than 24 months past due	100%	182	182
		59,667	481*

* The Group's loss allowance included expected credit losses and individual impairment. The individually impaired trade receivables as at 30 June 2019 amounted to RMB150,000, which was related to one customer whose settlement is in doubt.

The Group used judgement in assessing the expected credit loss rate and selected the inputs to the impairment calculation, mainly based on the historical payment profiles and the corresponding historical credit losses rate of the Group's customers, current and forward-looking information on macro-economic factors, and with reference to expected credit loss rates of comparable companies in the same industry at the end of each reporting period. As no material 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 trade receivables were noticed by the Group, the expected loss rates remained consistent during the Relevant Periods.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	Loss allowance
	RMB'000
Balance at 1 January 2017	71
Impairment losses recognised during the year	11
Balance at 31 December 2017 and 1 January 2018	82
Impairment losses recognised during the year	521
Balance at 31 December 2018 and 1 January 2019	603
Impairment losses recognised during the period	28
Balance at 30 June 2019	631

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's management and directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at 31 December 2017 and 2018 and 30 June 2019 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay:

		As at 31 December 2017			
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	736	736	2,023	3,495	3,058
Trade and other payables	13,775	—	—	13,775	13,775
	14,511	736	2,023	17,270	16,833

		As at 31 December 2018			
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**Total**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	9,147	4,638	1,287	15,072	14,359
Trade and other payables	33,966	—	—	33,966	33,966
	43,113	4,638	1,287	49,038	48,325

	As at 30 June 2019				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	10,400	763	1,004	12,167	11,747
Trade and other payables	107,868	—	—	107,868	107,868
	118,268	763	1,004	120,035	119,615

(c) Currency risk

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate.

(d) Fair value

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Other financial assets:				
Wealth management products *(ii) (note 15(ii))*	15,000	—	15,000	—
Unlisted equity securities *(iii) (note 15(i))*	3,000	—	—	3,000

	Fair value at 31 December 2018	Fair value measurements as at 31 December 2018 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Other financial assets:				
Unlisted equity securities *(iii) (note 15(i))*	1,775	—	—	1,775

Notes:

(i) During the relevant periods, there were no transfers between level 1 and level 2 or transfer into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) The fair value of the wealth management products is determined by discounting the expected future return using interest rates currently available for each wealth management products published by the corresponding financial institutions.

(iii) Unlisted equity securities held by the Group were all acquired in October 2017. As at 31 December 2017, the carrying amounts of these securities were not materially different from their fair values. As at 31 December 2018, the fair value of the unlisted equity securities was determined by discounting the expected recoverable amounts upon disposal of these securities as mentioned in note 15(i).

25 CONTINGENT LIABILITIES

Contingent liability in respect of legal claim

In December 2017, one of our suppliers (the plaintiff), launched a lawsuit against Icon Media due to a contractual dispute with respect to payment of advertising fee. The plaintiff claimed to receive a total sum of RMB7,342,420 in connected with payment of the advertising fee, interests and damages and therefrom from Icon Media. On 26 January 2018, pursuant to the order from the count, bank deposit of RMB7,342,420 was frozen (note 17). On 6 June 2018, the Shenzhen Futian People's Court ordered that Icon Media should pay the plaintiff the amount of approximately RMB1,600,000 together with interests within 10 days of the judgement. The plaintiff appealed against the judgment. As at the date of this report, the Shenzhen Intermediate People's Court had yet to make a decision on the appeal.

According to the opinion from the Group's external legal counsel, the decision of the Shenzhen Futian People's Court would probably be upheld by the Shenzhen Intermediate People's Court and the directors do not believe it is probable that Icon Media will be subjected to further compensation payment. No further provision has therefore been made in respect of this claim.

26 MATERIAL RELATED PARTY TRANSACTIONS

During the Relevant Periods, the directors are of the view that related parties of the Group include the following companies and individuals:

Name of related party	Relationship with the Group
Mr. Chow Eric Tse To	Controlling shareholder, chairman of the board
Mr. Chau Chak Wing	A close family member of Mr. Chow Eric Tse To
Ms. Cai Xiaoshan	Controlling shareholder of Focus Wonder
Mr. Lau Tung Hei Derek	Controlling shareholder of Master Connection
Shining Icon (BVI) Limited ("Shining Icon")	A shareholder of the Company
Master Connection Limited ("Master Connection")	A shareholder of the Company
Focus Wonder Limited ("Focus Wonder")	A shareholder of the Company
Imperial Springs International Co., Ltd. (i)	Effectively owned by Mr. Chau Chak Wing
Imperial Springs Centre for Health Management (i)	Effectively owned by Mr. Chau Chak Wing
Imperial Springs Health Hospital (Guangzhou) Co., Ltd. (i)	Effectively owned by Mr. Chau Chak Wing
Guangdong Chaohuang Restaurant Co., Ltd. (i)	Effectively owned by Mr. Chau Chak Wing
Guangzhou Asia-Pacific International Club (i)	Effectively owned by Mr. Chau Chak Wing
Guangdong Huaxing Bank Co., Ltd. (i)	Mr. Chau Chak Wing has significant influence over the entity
Guangzhou Dongqi Real Estate Development Co., Ltd.	Mr. Chau Chak Wing has significant influence over the entity
Kingold Group Co., Ltd. (i)	Mr. Chau Chak Wing has significant influence over the entity
Guangzhou Kingold Property Co., Ltd. (i)	Mr. Chau Chak Wing has significant influence over the entity
Guangdong Foreign Business Center (i)	Mr. Chow Eric Tse To is a key management personnel of the entity
Guangzhou Hong Xi Investment Development Co., Ltd. (i)	Effectively owned by Mr. Chow Eric Tse To
Guangzhou Zun Hong Investment Centre (i)	Effectively owned by Mr. Lau Tung Hei Derek

(i) The official name of the above entities are in Chinese. The English names are for reference only.

In addition to the related party information disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions.

(a) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other benefits	1,589	1,424	636	819
Retirement scheme of define contribution	67	79	37	56
	1,656	1,503	673	875

Total remuneration is included in "staff costs" (note 7(b)).

(b) Related parties transactions

	Year ended 31 December		Six months ended 30 June	
	2017	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Rendering media services to:				
— Imperial Springs International Co., Ltd.	5,744	12,463	6,978	316
— Imperial Springs Centre for Health Management	—	38	—	13
— Imperial Springs Health Hospital (Guangzhou) Co., Ltd.	—	—	—	11
— Kingold Group Co., Ltd.	1,825	471	83	690
— Guangzhou Kingold Property Co., Ltd.	479	4,817	834	659
— Guangdong Huaxing Bank Co., Ltd.	2,380	2,181	1,087	1,085
— Guangdong Chaohuang Restaurant Co., Ltd.	—	93	92	—
— Guangzhou Dongqi Real Estate Development Co., Ltd.	9,395	2,115	718	159
— Guangdong Foreign Business Center	—	491	—	—
— Guangzhou Asia-Pacific International Club	—	20	—	—
	19,823	22,689	9,792	2,933
Procurement of media resources from:				
— Guangzhou Kingold Property Co., Ltd.	2,178	2,421	1,162	1,222
— Guangzhou Asia-Pacific International Club	66	39	9	18
	2,244	2,460	1,171	1,240
Receipt of rental and property management services from:				
— Kingold Group Co., Ltd.	424	800	403	401
— Guangzhou Kingold Property Co., Ltd.	129	268	128	133
	553	1,068	531	534

(c) Balances with related parties

Other than those disclosed elsewhere in the Historical Financial Information, as at 31 December 2017 and 2018 and 30 June 2019, the Group had the following balances with related parties:

	As at 31 December		As at 30 June
	2017	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from:			
— Imperial Springs International Co., Ltd.	—	249	255
— Kingold Group Co., Ltd.	1,537	1,345	76
— Guangzhou Kingold Property Co., Ltd.	274	1,133	723
— Guangzhou Dongqi Real Estate Development Co., Ltd.	576	541	103
— Imperial Springs Centre for Health Management	—	40	26
— Guangdong Foreign Business Center	—	12	12
— Guangdong Huaxing Bank Co., Ltd.	—	—	777
	2,387	3,320	1,972
Other receivables from*:			
— Kingold Group Co., Ltd.	142	142	142
— Guangzhou Kingold Property Co., Ltd.	88	69	61
— Shining Icon**	—	—	19,351
— Focus Wonder**	—	—	12,183
— Master Connection**	—	—	4,873
	230	211	36,610
Trade payables to:			
— Guangzhou Asia-Pacific International Club	30	34	45
— Guangzhou Kingold Property Co., Ltd.	—	172	645
	30	206	690

	As at 31 December		As at 30 June
	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities to:			
— Imperial Springs International Co., Ltd.	4,263	—	—
— Imperial Springs Health Hospital (Guangzhou) Co., Ltd.	—	—	12
— Guangdong Huaxing Bank Co., Ltd.	383	373	—
	4,646	373	12
Other payables to*:			
— Mr. Chow Eric Tse To	—	—	1,321
— Guangzhou Hong Xi Investment Development Co., Ltd.**	—	—	31,675
— Guangzhou Zun Hong Investment Centre**	—	—	9,746
— Ms. Cai Xiaoshan**	—	—	7,310
	—	—	50,052

* All balances of other receivables due from related parties were trade in nature except for those due from Shining Icon, Focus Wonder and Master Connection which were arising in Reorganisation. All balances of other payables due to related parties were non-trade in nature.

** Other receivables and other payables arising from Reorganisation have been fully settled in August 2019.

The balances with these related parties are unsecured, interest-free and have no fixed terms of repayment.

27 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2019, the receivable from shareholders and payable to then shareholders in Reorganisation, dividend payable to then shareholders have been fully settled in August 2019. Further details are disclosed in note 23 and note 26.

28 ULTIMATE CONTROLLING SHAREHOLDER

As at 31 December 2017, 2018 and 30 June 2019, the directors consider the ultimate controlling shareholder of the Group to be Mr. Chow Eric Tse To.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2019

Up to the date of issue of the Historical Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the Relevant Periods and which have not been adopted in the financial statements. These include the following:

	Effective for accounting periods beginning on or after
Revised Conceptual Framework for Financial Reporting 2018	1 January 2020
Amendments to HKFRS 3, Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8, Definition of material	1 January 2020
HKFRS 17, *Insurance contracts*	1 January 2021
Amendments to HKFRS 10, *Consolidated financial statements* and HKAS 28, *Investments in associates and joint ventures*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. According to the preliminary assessment made by the Group, no significant impact on the Group's financial performance is expected when they become effective. While the preliminary assessment has been made by the Group, the actual impact upon the initial adoption of these amendments, new standards and interpretations may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before these amendments, new standards and interpretations are initially applied in the Group's financial report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2019.

The information set forth in this appendix does not form part of the Accountants' Report from the reporting accountants of our Company, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and our historical financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is to illustrate the effect of the Share Offer on the consolidated net tangible assets of the Group as if the Share Offer had been completed on 30 June 2019. The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group had the Share Offer been completed as at 30 June 2019 or any future date.

	Consolidated net tangible assets of the Group as at 30 June 2019	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets as at 30 June 2019	Unaudited pro forma adjusted net tangible assets per share	
	RMB'000(1)	*RMB'000*(2)(5)	*RMB'000*	*RMB*(3)	*HK$*(5)
Based on an Offer Price of HK$1.38 per share	40,479	39,692	80,171	0.45	0.50
Based on an Offer Price of HK$1.98 per share	40,479	61,560	102,039	0.57	0.63

Notes:

(1) The consolidated net tangible assets of the Group as at 30 June 2019 is calculated based on the consolidated net assets of the Group of RMB40,479,000 as at 30 June 2019, as extracted from the historical financial information included in the Accountants' Report set out in Appendix I to the prospectus. The Group had no goodwill or other intangible assets as at 30 June 2019.

(2) The estimated net proceeds from the Share Offer are based on the estimated Offer Prices of HK$1.38 per share and HK$1.98 per share, being the lower end price and higher end price of the indicative Offer Price range respectively, after deduction of the estimated underwriting fees and other related expenses related to Share Offer (excluding approximately RMB11,317,000 listing expenses which has been charged to the consolidated statements of profit or loss up to 30 June 2019) and the issuance of 45,000,000 shares, takes no account of any shares that may be issued upon exercise of the Offer Size Adjustment Option or any options which may be granted under the Shares Option Scheme, and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

(3) The unaudited pro forma adjusted net tangible assets per share is arrived at after the adjustments for the estimated net proceeds from the Share Offer as described in note (2) and on the basis that a total of 180,000,000 shares were in issue assuming that the Share Offer was completed on 30 June 2019, but takes no account of any shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Shares Option Scheme, and excluding any shares which may be issued or repurchased by the Company pursuant to the general mandates.

(4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2019.

(5) For the purpose of the estimated net proceeds from the Share Offer and the unaudited pro forma adjusted net tangible assets per share, the amounts are converted into Renminbi or Hong Kong dollars at an exchange rate of HK$1 to RMB0.90. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF ICON CULTURE GLOBAL COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Icon Culture Global Company Limited (the ''Company'') and its subsidiaries (collectively the ''Group'') by the directors of the Company (the ''Directors'') for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 June 2019 and related notes as set out in Part A of Appendix II to the prospectus dated 30 December 2019 (the ''Prospectus'') issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the ''Share Offer'') on the Group's financial position as at 30 June 2019 as if the Share Offer had taken place at 30 June 2019. As part of this process, information about the Group's financial position as at 30 June 2019 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the ''GEM Rules'') and with reference to Accounting Guideline 7 ''Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars'' (''AG 7'') issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA'').

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 December 2019

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Companies Law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 April 2019 under the Companies Law. Our Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.

1.2 Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 11 December 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

2.1 Shares

- ***Classes of shares***

  The share capital of our Company consists of ordinary shares.

- ***Variation of rights of existing shares or classes of shares***

  Subject to the Companies Law, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

- ***Alteration of capital***

Our Company may by ordinary resolution of its members:

- increase its share capital by the creation of new shares;
- consolidate all or any of its capital into shares of larger amount than its existing shares;
- divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution, and subject to any conditions prescribed by law.

- ***Transfer of shares***

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Stock Exchange or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The Board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to our Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the Board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of our Company.

- ***Power of our Company to purchase its own shares***

Our Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by our Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The Board may accept the surrender for no consideration of any fully paid share.

- ***Power of any subsidiary of our Company to own shares in our Company***

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

- ***Calls on shares and forfeiture of shares***

The Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by 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 twenty per cent (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

2.2 Directors

- ***Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and members of our Company may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to our Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

- ***Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of our Company or the holder thereof, it is liable to be redeemed.

The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange 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 our Company are at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither our Company nor the Board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

- ***Power to dispose of the assets of our Company or any of its subsidiaries***

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

- ***Borrowing powers***

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

- ***Remuneration***

The ordinary remuneration of the Directors is to be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our 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 ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of our Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than our Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, our Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by our Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

- ***Compensation or payments for loss of office***

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

- ***Loans and provision of security for loans to Directors***

Our Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if our Company were a company incorporated in Hong Kong.

- ***Disclosure of interests in contracts with our Company or any of its subsidiaries***

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company must declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our 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 contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(a) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(b) Alterations to constitutional documents and our Company's name

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Meetings of members

- *Special and ordinary resolutions*

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

- *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where our Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

- *Annual general meetings and extraordinary general meeting*

Our Company must hold an annual general meeting of our Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may 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 our Company.

- *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to, among others, the auditors for the time being of our Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of our Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by our Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

- *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy 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.

- *Proxies*

Any member of our Company entitled to attend and vote at a meeting of our 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 our Company or at a class meeting. A proxy need not be a member of our Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(d) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by the Board or our Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of our Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(e) Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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.

Our Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(f) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the Board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(g) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(h) Procedures on liquidation

A resolution that our 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:

- if our Company is wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

- if our Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(i) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN COMPANIES LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

3.1 Company operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of our Company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

3.7 Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3.8 Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

3.10 Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, our Company has obtained an undertaking:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our Company or its operations; and

(ii) that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (a) on or in respect of the shares debentures or other obligations of our Company; or (b) by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Law of the Cayman Islands.

The undertaking for our Company is for a period of twenty years from 29 April 2019.

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 our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

3.13 Inspection of corporate records

Members of our Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

3.14 Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

3.15 Register of Directors and Officers

Our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

3.16 Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of our Company are listed on the Stock Exchange, our Company is not required to maintain a beneficial ownership register.

3.17 Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

3.18 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

3.19 Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

3.20 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

3.21 Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands (the "**Cayman Economic Substance Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the Cayman Economic Substance Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is our Company. However, it does not include an entity that is a tax resident outside the Cayman Islands. Therefore, as long as our Company is a tax resident outside the Cayman Islands, including Hong Kong and the PRC, it is not required to satisfy the economic substance test set out in the Cayman Economic Substance Law.

4. GENERAL

Ogier, our Company's legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Appendix V. Documents Delivered to the Registrar of Companies and Available for Inspection — Documents available for inspection" in this prospectus. Any person wishing to have a detailed summary of Cayman Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 24 April 2019.

We have been registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 19 June 2019 and our principal place of business in Hong Kong is at 31/F., 148 Electric Road, North Point, Hong Kong. Mr. Kwok Siu Man has been appointed as our authorized representative and agent for the acceptance of service of process and any notices required to be served on our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands. Its constitution comprises the Memorandum of Association and the Articles of Association. A summary of certain relevant parts of its constitution and certain relevant aspects of Cayman Islands company law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

(i) As at the date of incorporation of our Company on 24 April 2019, its authorised share capital was HK$380,000 divided into 38,000,000 Shares having a par value of HK$0.01 each. On the same day, one Share was allotted and issued, credited as fully paid, to the initial subscriber, an Independent Third Party, which was then subsequently transferred to Shining Icon on the same day.

(ii) On the date of incorporation, our Company allotted and issued 134 Shares to Sense One at par as fully paid.

(iii) On 13 June 2019, our Company allotted and issued 515, 100 and 250 Shares to Shining Icon, Master Connection and Focus Wonder for a consideration of RMB31,675,410, RMB4,873,140 and RMB12,182,850, respectively.

(iv) Pursuant to the resolutions in writing of the Shareholders passed on 11 December 2019, the authorised share capital of our Company was increased from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 new Shares to rank *pari passu* with the then existing Shares in all respects.

(v) Pursuant to the resolutions in writing of the Shareholders passed on 11 December 2019, an aggregate of 134,999,000 new Shares were allotted and issued under the Capitalisation Issue to the Shareholders on the principal register of member of our Company in the Cayman Islands as at the close of business of the business day immediately preceding the Listing Date.

(vi) Immediately following completion of the Share Offer and the Capitalisation Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK$1,800,000 divided into 180,000,000 Shares, all fully paid or credited as fully paid.

Save as disclosed in this prospectus, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid, there has been no alteration in the share capital of our Company since its incorporation.

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of the Shareholders passed on 11 December 2019

Written resolutions were passed by the Shareholders on 11 December 2019 pursuant to which, among other matters:

(a) our Company approved and adopted the Memorandum and the Articles of Association which will become effective on the Listing Date, the terms of which are summarised in the section headed "Appendix III. Summary of the Constitution of our Company and the Cayman Companies Law" in this prospectus;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,962,000,000 Shares each ranking *pari passu* in all respects with the Shares in issue at the date of passing of these resolutions;

(c) conditional on (i) the conditions of the Listing Department granting Listing of, and permission to deal in, our Shares in issue and to be issued as set out in this prospectus being fulfilled; and (ii) the obligations of the Underwriters under each of the Underwriting Agreements to be entered into between, among others, our Company and the Underwriters in connection with the Share Offer becoming unconditional and such obligations not having been terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Share Offer was approved and our Directors were authorised to allot and issue the new Shares pursuant to the Share Offer to rank *pari passu* with the then existing Shares in all respects;

(ii) the Offer Size Adjustment Option was approved and our Directors were authorised to effect the same and to allot and issue the Shares upon exercise of the Offer Size Adjustment Option;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion, subject to the terms and conditions of the Share Option Scheme to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(iv) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares by our Company pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK$1,349,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 134,999,000 Shares, such Shares to be allotted and issued to our Shareholders whose names appearing on the register of members of our Company at the close of business on the date immediately preceding the date on which the Share Offer becoming unconditional (or as such Shareholders may direct) in proportion (as nearly as possible without fractions) to their then respective shareholdings in our Company, and the Shares allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares;

(v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the Share Offer or the Capitalisation Issue, our Shares with an aggregate number of Shares not exceeding (aa) 20% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the Offer Size Adjustment Option and the exercise of the options which may be granted under the Share Option Scheme); and (bb) the aggregate number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors as set out in this paragraph (v), whichever occurs first;

(vi) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to purchase our Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the GEM Listing Rules or equivalent rules or regulations of such other stock exchange, such number of Shares as will represent up to 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the Offer Size Adjustment Option and the exercise of the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting, revoking or varying the authority given to our Directors as set out in this paragraph (vi), whichever occurs first; and

(vii) an undertaking to be given to the Stock Exchange relating to the exercise of the Repurchase Mandate.

4. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. For details, please refer to the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in this prospectus.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant's Report set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries. Save as disclosed herein and in paragraph 4 above and in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, there has been no alteration in the share capital or registered capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the GEM subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of Shares) by a company listed on the GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of particular transactions.

Note: Pursuant to a resolution in writing passed by the Shareholders on 11 December 2019, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the Offer Size Adjustment Option and the exercise of the options which may be granted under the Share Option Scheme). The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchase by our Company must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum and Articles of Association, Companies Law, the applicable laws of the Cayman Islands and the GEM Listing Rules. A listed company may not repurchase its own securities on the GEM 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. Under Cayman Islands law, any repurchase by our Company may only be made out of profits of our Company, or from some standing to the credit of our Company's share premium account, or out of the proceeds of a fresh issue of share made for the purpose of the repurchase, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of our Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(iii) Core connected parties

A company is prohibited from knowingly repurchasing securities from a "core connected person", that is, a director, chief executive or substantial shareholder of our Company or any of their respective close associates and a core connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

(iv) Status of repurchased Shares

The listing of all repurchased Shares (whether offered on the Stock Exchange or otherwise) on GEM will automatically be cancelled and the certificates for those Shares shall be cancelled and destroyed.

(v) Trading restrictions

A listed company may repurchase up to 10% of the total nominal amount of the share capital in issue of that company. A 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 higher than the average closing market price for the five preceding trading days on which its shares were traded on GEM. The GEM Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A 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.

(vi) Suspension of repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is 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 GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarter-year or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on GEM if a listed company has breached the GEM Listing Rules.

(vii) 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 repurchases, where relevant, and the aggregate prices paid.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchase will benefit our Company and the Shareholders.

(c) Funding of repurchase

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(d) General

None of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their close associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

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 GEM Listing Rules and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falls below 25% of the total number of Shares in issue.

Our Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of material contracts

The following contracts (not being contracts entered in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the equity transfer agreement dated 28 May 2019, entered into between Hong Xi Investment, Zun Hong Investment, Ms. Cai, Icon Media and Icon HK, pursuant to which Hong Xi Investment, Zun Hong Investment and Ms. Cai agreed to transfer the entire equity interest in Icon Media to Icon HK;

(b) the cornerstone investment agreement dated 20 December 2019 entered into between our Company, the Sole Sponsor, the Sole Bookrunner and Ms. Le Luping (樂露萍), pursuant to which Ms. Le Luping (樂露萍) shall subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) in the amount of HK$10.0 million;

(c) the cornerstone investment agreement dated 20 December 2019 entered into between our Company, the Sole Sponsor, the Sole Bookrunner and Ms. Lu Xiaochang (盧小嫦), pursuant to which Ms. Lu Xiaochang (盧小嫦) shall subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) in the amount of RMB8.0 million (equivalent to approximately HK$8.9 million);

(d) the cornerstone investment agreement dated 20 December 2019 entered into between our Company, the Sole Sponsor, the Sole Bookrunner and Mr. Long Yuan (龍原), pursuant to which Mr. Long Yuan (龍原) shall subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 2,000 Shares) in the amount of HK$2.0 million;

(e) the Deed of Indemnity;

(f) the Deed of Non-competition; and

(g) the Public Offer Underwriting Agreement.

2. Our intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group is the registered owner of the following trademarks which our Directors consider to be or may be material to our business:

No.	Trademark	Place of registration	Class	Registration number	Duration of validity	Registered owner
1.		PRC	35	13695757	14 June 2015 to 13 June 2025	Icon Media

No.	Trademark	Place of registration	Class	Registration number	Duration of validity	Registered owner
2.	LUMENOVA	PRC	35	19061186	07 March 2017 to 06 March 2027	Icon Media
3.	LUMENOVA	PRC	41	19061781	07 March 2017 to 06 March 2027	Icon Media
4.	上學堂	PRC	9	14127062	21 April 2015 to 20 April 2025	Icon Media
5.	上學堂	PRC	28	14127116	21 April 2015 to 20 April 2025	Icon Media
6.	上學堂	PRC	43	14036615	14 April 2015 to 13 April 2025	Icon Media
7.	那顆星	PRC	35	19061271	07 March 2017 to 06 March 2027	Icon Media
8.	那顆星	PRC	41	19061818	07 March 2017 to 06 March 2027	Icon Media
9.	學堂	PRC	43	14036657	14 April 2015 to 13 April 2025	Icon Media
10.	尊[illegible]	PRC	37	15227279	14 October 2015 to 13 October 2025	Icon Media
11.	聚视觉 visual media	PRC	35	19072802	14 March 2017 to 13 March 2027	Icon Media
12.	天泓文创 Icon Culture Global Co.Ltd	Hong Kong	9, 35, 36, 38, 41, 42	304905982	26 April 2019 to 25 April 2029	Icon Media

(b) Domain name

As at the Latest Practicable Date, our Group has the following registered domain name which our Directors consider to be or may be material to our business:

No.	Domain name	Registrant	Registration date	Expiry date
1.	iconspace.com	Icon Media	24 June 2004	24 June 2028

(c) Copyright

As at the Latest Practicable Date, Icon Media is the registered owner of the following copyright which our Directors consider to be or may be material to our business:

No.	Copyright	Place of registration	Registration number	Type	Registration date	First publication	Registered owner
1.	Operational Support Software for Wireless Advertising Portal V1.0* (無線廣告門戶運營支撐軟件V1.0)	PRC	2017SR141683	Computer software copyright* (計算機軟件著作權)	26 April 2017	10 December 2016	Icon Media
2.	Icon Advertising Information Release Assessment System V1.0* (天泓廣告信息發布評估系統V1.0)	PRC	2017SR570575	Computer software copyright* (計算機軟件著作權)	17 October 2017	2 October 2016	Icon Media
3.	Icon Full Case Advertising Integration System* (天泓廣告全案整合系統V1.0)	PRC	2017SR571113	Computer software copyright* (計算機軟件著作權)	17 October 2017	18 October 2016	Icon Media
4.	Icon Advertising Planning Services System V1.0* (天泓廣告策劃服務系統V1.0)	PRC	2017SR571313	Computer software copyright* (計算機軟件著作權)	17 October 2017	28 October 2016	Icon Media
5.	Icon Advertising Supplier Management System V1.0* (天泓廣告供應商管理系統V1.0)	PRC	2017SR571321	Computer software copyright* (計算機軟件著作權)	17 October 2017	30 October 2016	Icon Media
6.	Icon Advertising Industry Information Collection System V1.0* (天泓廣告行業信息收集系統V1.0)	PRC	2017SR570506	Computer software copyright* (計算機軟件著作權)	17 October 2017	23 October 2016	Icon Media
7.	Icon Advertisement Producing Software V1.0* (天泓廣告製作軟件V1.0)	PRC	2017SR571327	Computer software copyright* (計算機軟件著作權)	17 October 2017	5 November 2016	Icon Media
8.	Icon Advertising Brand Promotion Management Software V1.0* (天泓廣告品牌推廣管理軟件V1.0)	PRC	2017SR570712	Computer software copyright* (計算機軟件著作權)	17 October 2017	13 November 2016	Icon Media
9.	Icon Advertising Effectiveness Sharing System V1.0* (天泓廣告案例效果分享系統V1.0)	PRC	2017SR570721	Computer software copyright* (計算機軟件著作權)	17 October 2017	18 November 2016	Icon Media
10.	Icon Mobile-end Distribution Management System V1.0* (天泓移動端分銷管理系統V1.0)	PRC	2017SR570725	Computer software copyright* (計算機軟件著作權)	17 October 2017	24 November 2016	Icon Media
11.	Icon Online Efficiency Software System V1.0* (天泓在線效率軟件系統V1.0)	PRC	2017SR570732	Computer software copyright* (計算機軟件著作權)	17 October 2017	2 December 2016	Icon Media

No.	Copyright	Place of registration	Registration number	Type	Registration date	First publication	Registered owner
12.	Icon Client Management System V1.0* (天泓客戶管理軟件V1.0)	PRC	2017SR594592	Computer software copyright* (計算機軟件著作權)	31 October 2017	11 December 2016	Icon Media
13.	Icon Enterprise Cooperative Office System V1.0* (天泓企業協同辦公系統V1.0)	PRC	2017SR594598	Computer software copyright* (計算機軟件著作權)	31 October 2017	16 December 2016	Icon Media
14.	Icon Mobile Internet APP Platform for Advertisement Marketing V1.0* (天泓廣告移動互聯網APP營銷平台V1.0)	PRC	2017SR596561	Computer software copyright* (計算機軟件著作權)	31 October 2017	18 December 2016	Icon Media
15.	Icon Advertisement Push Software V1.0* (天泓廣告推送軟件V1.0)	PRC	2017SR596164	Computer software copyright* (計算機軟件著作權)	31 October 2017	20 December 2016	Icon Media
16.	Icon Advertisement Shielding Software V1.0* (天泓廣告屏蔽軟件V1.0)	PRC	2017SR596567	Computer software copyright* (計算機軟件著作權)	31 October 2017	27 December 2016	Icon Media

C. FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

1. Disclosure of interests of our Directors

(a) Interests and short positions of Directors and chief executives of our Company in the shares, underlying shares or debentures of our Company and our associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue without taking into account of any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or the options which may be granted under the Share Option Scheme, the interests and short positions of each of our Directors and chief executive of our Company in the shares, underlying shares or debentures of our Company and 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 in which any of them 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 therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, once the Shares are listed, will be as follows:

Name of Director	Nature of interest	Number of shares *(Note 1)*	Approximate percentage of shareholding
Mr. Chow *(Note 2)*	Interest in a controlled corporation	87,750,000 (L)	48.75%
Mr. Lau *(Note 3)*	Interest in a controlled corporation	13,500,000 (L)	7.5%
Ms. Cai *(Note 4)*	Interest in a controlled corporation	33,750,000 (L)	18.75%

Notes:

1. The letter "L" denotes a long position in our Shares.

2. Shining Icon and Sense One are wholly-owned by Mr. Chow. Therefore, Mr. Chow is deemed to be interested in the Shares held by Shining Icon and Sense One pursuant to SFO.

3. Master Connection is wholly-owned by Mr. Lau. Therefore, Mr. Lau is deemed to be interested in the Shares held by Master Connection pursuant to SFO.

4. Focus Wonder is wholly-owned by Ms. Cai. Therefore, Ms. Cai is deemed to be interested in the Shares held by Focus Wonder pursuant to SFO.

Save as disclosed above, none of our Directors or chief executive of our Company has any interests and short positions in the shares underlying shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions in which he is taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed.

(b) Disclosure of interests under the SFO and disclosure of interests for substantial shareholders

Save as disclosed in section headed "Substantial Shareholders" in this prospectus, immediately following the completion of the Share Offer and Capitalisation Issue (assuming the Offer Size Adjustment Option is not exercised and taking no account of the options which may be granted under the Share Option Scheme), our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who 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 expected to be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Company.

2. Particulars of Directors' service contracts

Executive Directors

Each of the executive Directors has entered into a service contract with our Company for an initial term of three years commencing from the Listing Date, which has no fixed term and can be terminated by either party giving not less than three months' notice in writing to the other party.

The salary of each executive Director after each financial year is subject to adjustment as determined by our Company's remuneration committee and approved by a majority of the members of the Board (excluding our Director whose salary is under review).

Independent non-executive Directors

Each of the independent non-executive Directors, Mr. Lee Siu Hang Foster, Ms. Tam Hon Shan Celia and Mr. Tian Tao, has signed a letter of appointment dated 11 December 2019 with our Company for an initial term of one year commencing from the Listing Date unless terminated by either party giving not less than three months' written notice to the other party. 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. Each of Mr. Lee Siu Hang Foster, Ms. Tam Hon Shan Celia and Mr. Tian Tao is entitled to a remuneration fee of RMB180,000 per annum. Save for remuneration fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their respective office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract or appointment letter with our Company or any of our subsidiaries other than contracts or letters expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Directors remuneration

(i) The aggregate remuneration paid and the benefits in kind granted by our Group to our Directors in respect of FY2017, FY2018 and 1H2019 were approximately RMB1,135,000, RMB1,219,000 and RMB603,000, respectively.

(ii) Under the arrangements currently in force, the aggregate remuneration (excluding discretionary bonus) payable by our Group to our Directors and the benefits in kind receivable by our Directors (including the independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2019 are expected to be approximately RMB1,280,000.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period (i) as an inducement to join or upon joining our Group; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to any remuneration during the Track Record Period.

4. Connected transactions and related party transactions

Save as disclosed in the sections headed "Business", "Financial Information", "Continuing Connected Transactions" and "Relationship with Controlling Shareholders" and "Accountant's Report — Notes to the Historical Financial Information — 26 Material related party transactions" in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

5. Disclaimers

Save as disclosed in this prospectus:

(a) taking no account of any Shares which may be taken up or acquired under the Share Offer, the Capitalisation Issue and upon the exercise of the Offer Size Adjustment Option, our Directors are not aware of any person (not being a Director or chief executive of our Company) who, immediately following the completion of the Share Offer and the Capitalisation Issue, will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is expected, either directly or indirectly, be interested in 10% or more of the issued voting shares of our Company or any other member of our Group;

(b) none of our Directors or the chief executives of our Company has any interest or short position in any of the shares, underlying shares or debentures of our Company or any 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 any of them 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 therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, in each case once the Shares are listed;

(c) none of our Directors nor any of the parties listed in the paragraph headed "D. Other Information — 8. Qualifications of experts" below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, our Company or any other member of our Group, or which are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Shares either in his own name or in the name of a nominee;

(d) none of our Directors nor any of the parties listed in the paragraph headed "D. Other Information — 8. Qualifications of experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of our Group; and

(e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "D. Other Information — 8. Qualifications of experts" below:

  (i) is interested legally or beneficially in any securities of any member of our Group; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 11 December 2019. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	11 December 2019, the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of written resolutions
"Board"	the board of Directors or a duly authorised committee of the board of Directors
"Business Day"	any day on which the Stock Exchange is open for the business of dealings in securities
"Eligible Participants"	any full-time or part-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of our Group and any suppliers, customers, consultants, agents, advisers and related entities who, in the sole opinion of the Board, will contribute or have contributed to our Group

2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our existing Shareholders passed on the Adoption Date:

(a) Purpose

The purpose of the Share Option Scheme is to enable our Company to grant options to Eligible Participants as incentives or rewards for their contribution or potential contribution to our Group and to provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group;

(ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group; and/or

(iii) for such purposes as the Board may approve from time to time.

(b) Who may join and basis of eligibility

Our Board may, at its absolute discretion and on such terms as it may think fit, grant any of the Eligible Participants, as defined above, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within 21 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(e) Maximum number of Shares

(i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, assuming the Offer Size Adjustment Option is not exercised, it is expected that our Company may grant options in respect of up to 18,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 18,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(ii) The 10% limit as mentioned above may be refreshed at any time by approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.

(iii) Our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.

(iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30%

of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to certain connected persons

(i) Any grant of an option to a Director, chief executive or Substantial Shareholder of our Company (or any of their respective associates) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(ii) Where any grant of options to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of our Shares in issue; and

(b) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK$5 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his associates and all core connected persons of our Company shall abstain from voting (except where any such person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

(i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and

(b) the deadline for our Company to publish an announcement of the results for any year, or half-year under the GEM Listing Rules, or quarterly or other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:

(a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) Performance targets

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with our fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (n) above, the option (to the extent not already exercised) shall lapse on the date of cessation of such employment unless the Board determines otherwise to grant an extension.

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time thereafter and up to the close of such offer.

(r) Rights on winding-up

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Group give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("**Suspension Date**"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavour to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of our officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

(i) the expiry of the period referred to in paragraph (i) above;

(ii) the date on which our Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);

(iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;

(iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;

(v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

(vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or

(vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire on the tenth anniversary thereof (both dates inclusive) unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

(i) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.

(ii) Any alterations to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of our Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

(x) Termination to the Share Option Scheme

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon, among other things, the Listing Department granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

3. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. PROPOSED SHARE AWARD PLAN

Summary of Terms

We intend to adopt a share award plan (the "**Plan**") following the Listing in respect of the 10.05% of the issued share capital of our Company held by Sense One immediately upon completion of the Share Offer and Capitalization Issue (assuming that the Offer Size Adjustment Option or any option which may be granted under the Share Option Scheme is not exercised). Our Company has no immediate plan to implement the Plan and will consider such implementation following the Listing. The Shares held by Sense One will not be counted towards public float for the purpose of Rule 11.23 of the GEM Listing Rules and will be subject to the lock-up arrangement as more particularly elaborated in the section headed "Underwriting — Underwriting arrangements and expenses — Undertakings to the Stock Exchange pursuant to the GEM Listing Rules — Undertaking by our Controlling Shareholders" and "Underwriting — Underwriting arrangements and expenses — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertaking by our Controlling Shareholders" in this prospectus after the Listing. Prior to the adoption of the Plan, Mr. Chow shall be entitled to the dividends, and exercise the voting rights, attached to the Shares held by Sense One. The Plan will not be subject to the provisions of Chapter 23 of the GEM Listing Rules as the Plan will not involve the grant of options by our Company to subscribe for new Shares.

Subject to the decision of the Board at the time of the actual implementation, the principal terms of the Plan as currently contemplated are as follows:

1. Purpose, Administration and Duration

1.1 The purpose of the Plan is to recognise and reward the contribution of any employee (including without limitation any directors) of our Company and its subsidiary(ies) from time to time to the growth and development of our Group through an award of Shares. Eligible employees will be those who, in the opinion of the Board, have contributed to the development and business of our Group.

1.2 The Plan shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Plan or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby. Under the Plan, the Board may delegate the administration of the Plan to such person(s) or committee(s) as the Board may see fit.

1.3 A selected employee shall ensure that the acceptance, vesting and the holding of any awarded Shares under the Plan and the exercise of all rights attaching thereto are valid and comply with all laws, legislation and regulations.

2. *Award of Shares*

2.1 The Board shall, subject to and in accordance with the provisions of the Plan, be entitled (but shall not be bound) to, at any time during the continuation of the Plan, make an award to any of the eligible employees of such number of issued Shares, as our Directors shall determine pursuant to the Plan.

2.2 The making of an award to any core connected person must be approved by the independent non-executive Directors.

2.3 The Board shall notify the trustee in writing upon the making of an award under the Plan (the "**Award Notice**") and the Board shall specify therein the following:

(a) the number of awarded Shares provisionally awarded to the relevant selected employee pursuant to such award;

(b) the earliest date (the "**Earliest Vesting Date**"), if applicable, on which the trustee may vest the legal and beneficial ownership of the awarded Shares in the relevant selected employee; and

(c) such other terms and conditions of such award as may be imposed by the Board on either the trustee and/or the relevant selected employee before the awarded Shares may be transferred to and vested in such selected employee.

2.4 For so long as the Shares are listed on the Stock Exchange:

(a) an award may not be made after inside information has come to our Company's knowledge until our Company has announced the information in accordance with the requirements under the GEM Listing Rules; and

(b) our Directors may not make an award to an eligible employee who is a core connected person during the periods or times in which our Directors are prohibited from dealing in Shares pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules as prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

2.5 Any Shares awarded under the Plan will rank *pari passu* in all respects with the Shares in issue as of the date of grant

3. Pool of Awarded Shares

The total number of Shares under the Plan will initially be 18,090,000 Shares, which represents approximately 10.05% of the issued share capital of our Company immediately upon completion of the Share Offer and Capitalisation Issue (assuming that the Offer Size Adjustment Option or any option which may be granted under the Share Option Scheme is not exercised).

4. Lapse of Awards

In the event that any selected employee ceases to be an eligible employee by virtue of a corporate reorganisation of our Group or any invested entity of our Company, then any award with respect to any unvested Shares made to such selected employee shall forthwith lapse and be cancelled.

An award with respect to any unvested Shares made to any selected employee shall forthwith lapse and be cancelled if the selected employee ceases to be an eligible employee by reason of a termination of his employment with our Group or any invested entity of our Company for whatever reason other than his death or retirement in accordance with his contract of employment. If any selected employee ceases to be an eligible employee by reason only of his death or retirement in accordance with his contract of employment, the awarded Shares which are set aside for him pursuant to an award shall be transferred to and vested in him or, as the case may be, his personal representative(s).

5. Unvested Shares

Where the awarded Shares which are set aside for a selected employee pursuant to an award do not vest by reason of a lapse of such award under paragraph 6, the trustee shall hold such awarded Shares and all dividends and other distributions attributable thereto exclusively for the benefit of all or one or more of the eligible employees as the Board shall in its absolute discretion at any time determine and select in writing as the selected employee(s).

6. Disputes

Any dispute arising in connection with the Plan shall be referred to the decision of the Board whose decisions shall be final, conclusive and binding on all persons who may be affected thereby.

7. Alteration of the Plan

The Plan may be altered by a resolution of the Board, provided that no such alteration shall operate to affect adversely any rights of any selected employee in respect of his awarded Shares which remain unvested except with the consent in writing of the majority of the selected employees whose awarded Shares remained unvested on that date (but, for the avoidance of doubt, excluding for this purpose any such Shares in respect of which that date is a vesting date) as would be required of the holders of Shares under the Articles for a variation of the rights attached to such Shares.

8. Termination

The Board may by resolution at any time terminate the operation of the Plan in which event no further Award may be made provided that such termination shall not affect any subsisting rights of any selected employee in respect of any award made to him prior to such termination.

9. General

As of the Latest Practicable Date, the Plan has not been adopted by our Company, and no awards have been granted or agreed to be granted by our Company pursuant to the Plan. The actual and final terms of the Plan will be determined by the Board upon its implementation, whereupon our Company will make appropriate announcement in accordance with the requirements of the GEM Listing Rules.

F. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders (collectively, the "**Indemnifiers**") have, under a deed of indemnity referred to in the paragraph headed "B. Further information about the business of our Company — 1. Summary of material contracts" in this appendix, given joint and several indemnities to our Company for ourselves and our subsidiaries in connection with, among other things, (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which our Share Offer becomes unconditional; or (ii) in respect of or by reference to any transaction, act, omission or event entered into or occurring or deemed to enter into or occur on or before the date on which our Share Offer becomes unconditional; and (b) any claims, actions, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings against any member of our Group arising from any act or non-performance or omission of any member of our Group in relation to events occurred on or before the date on which our Share Offer becomes unconditional; and (c) any estate duty (or any similar tax or duty) which is or hereafter becomes payable by members of our Group under the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) and under the laws and regulations of any other relevant jurisdictions outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional. The Indemnifiers will, however, not be liable under the deed of indemnity for taxation to the extent that, among others:

(a) specific provision, reserve or allowance has been made for such taxation liability or taxation claim in the consolidated financial statements of any member of our Group for the Track Record Period; or

(b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or

(c) the taxation liability arises in the ordinary course of business of our Group on or before the date on which dealings of the Shares on the GEM first commence.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and BVI is likely to fall on our Group and the estate duty under the laws of Hong Kong has been abolished.

2. Litigation

As at the Latest Practicable Date, save as disclosed in section headed ''Business — Legal proceedings'' in this prospectus, neither our Company nor any of our subsidiaries is engaged in any litigation, arbitration or administrative proceedings of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

3. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are estimated to be approximately US$6,800 and are payable by our Company.

4. Promoters

(a) Our Company has no promoter for the purpose of the GEM Listing Rules.

(b) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoter in connection with the Share Offer or the related transactions described in this prospectus.

5. Application for listing of Shares

The Sole Sponsor has made an application on behalf of our Company to the Listing Department of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

6. Sole Sponsor

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor's fees payable by us in respect of the Sole Sponsor's services as sponsor for the Listing is HK$5 million.

7. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Innovax Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under SFO
KPMG	Certified Public Accountants
Dentons Law Offices, LLP (Guangzhou)	Legal advisers to our Company as to PRC laws
Hylands Law Firm	Legal advisers to our Company as to PRC laws (in relation to the Proceeding)
Ogier	Cayman Islands attorneys-at-law
Shanghai iResearch Co., Ltd.	Industry consultant

8. Consents of experts

Each of the experts set out above has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. 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 0.2% 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) The Cayman Islands

Under the present laws of the Cayman Islands, there is no stamp duty payable in the Cayman Islands on transfer of Shares, 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 dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer 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 dealing in Shares or exercising any rights attaching to them.

11. Miscellaneous

(a) Save as disclosed herein:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;

(dd) our Group has no outstanding convertible debt securities or debenture;

(ee) no founders, management or deferred shares of our Company or, any of its subsidiaries have been issued or agreed to be issued; and

(ff) 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;

(ii) there is no arrangement under which future dividends are waived or agreed to be waived;

(iii) 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 24 months immediately preceding the date of this prospectus;

(iv) none of Innovax Capital Limited, KPMG, Dentons Law Offices, LLP (Guangzhou), Hylands Law Firm, Ogier and Shanghai iResearch Co., Ltd.:

(aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including our Shares; or

(bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;

(v) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;

(vi) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(vii) our Group has no outstanding convertible debt securities.

(b) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2019 (being the date to which the latest audited consolidated financial statements of our Group were made up).

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the Application Forms;

(b) the written consents referred to in the section headed "Appendix IV. Statutory and General Information — F. Other information — 8. Consents of experts" in this prospectus; and

(c) copies of the material contracts referred to in the section headed "Appendix IV. Statutory and General Information — B. Further information about the business of our Company — 1. Summary of material contracts" in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Zhong Lun Law Firm at 4/F., Jardine House, 1 Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:30 p.m. Monday to Friday, other than public holidays, up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the Accountants' Report prepared by KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group prepared by KPMG, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for FY2017, FY2018 and 1H2019;

(e) the iResearch Report;

(f) the Companies Law;

(g) the letter of advice prepared by Ogier, our Cayman Islands legal advisers, summarising certain aspects of the company law of the Cayman Islands referred to in Appendix III to this prospectus;

(h) the PRC legal opinions prepared by Dentons Law Offices, LLP (Guangzhou) in respect of certain aspects of our Group in the PRC;

(i) the PRC legal opinions prepared by Hyland Law Firm in respect of the Proceeding;

(j) the rules of the Share Option Scheme;

(k) the material contracts referred to in the section headed ‘‘Appendix IV. Statutory and General Information — B. Further information about the business of our Company — 1. Summary of material contracts’’ in this prospectus;

(l) the written consents of experts referred to in the section headed ‘‘Appendix IV. Statutory and General Information — F. Other information — 8. Consents of experts’’ in this prospectus; and

(m) the service contracts and appointment letters referred to in the section headed ‘‘Appendix IV. Statutory and General Information — C. Further information about Directors and Shareholders — 2. Particulars of Directors’ service contracts’’ in this prospectus.

Icon Culture Global Company Limited
天泓文創國際集團有限公司