This summary aims to give you an overview of the information contained in this prospectus. As 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 a leading short video marketing solutions provider and an online content services provider focusing on pan-entertainment in China. According to iResearch, the short video marketing market is an important component and driver of the overall online marketing market, with a market share of 15.9% in terms of revenue in 2019. We contributed to approximately 0.5% of the total revenue of the overall online marketing market in China in 2019. According to iResearch, as of June 30, 2020, there were in aggregate approximately 40,000 online marketing solutions providers available in the short video marketing market in the PRC. According to iResearch, we were the third largest online marketing solutions provider in China in 2019 in terms of gross billing generated from short video advertisements, with a market share of 3.4%. We also operate a pan-entertainment-oriented content platform through our *Huabian* website and its mobile terminal (collectively "***Huabian* Platform**"), presenting attention catching pan-entertainment articles and photos to internet users. In addition, we produce quality and appealing content for audiences and advertisers, such as short videos, movie and television stars interview programs, and entertainment news programs. We act as a middleman connecting advertising customers and media partners. During the Track Record Period, Supplier A was our single largest supplier. We are one of the 100 to 250 online marketing solutions providers that had contractual relationship with Supplier A in 2019. Our gross billing generated through Supplier A's content distribution platforms accounted for approximately 37.7%, 85.2%, 87.1% and 84.8% of our total gross billing in 2017, 2018 and 2019 and the six months ended June 30, 2020. We enter into annual framework agreements with Supplier A, which are subject to annual renewal. We have successfully renewed such agreements with Supplier A on similar key terms and conditions since 2017. We deliver our online marketing solutions primarily through top online publishers in China, such as Douyin (抖音), Huoshan (抖音火山版), Xigua Video (西瓜視頻) and Kuaishou (快手).

We generate revenue primarily from providing (i) online marketing solutions to advertisers and advertising agencies, including user traffic acquisition, ad creatives production, and ad performance optimization; and (ii) advertising spaces on our *Huabian* Platform to ad networks and advertisers.

- Under our online marketing solutions business, we charge our advertising customers primarily measured by a mix of oCPM (optimized cost per mille), oCPC (optimized cost per click) and CPC (cost per click), while we acquire user traffic from our media partners to place our advertisements online and pay traffic acquisition costs based primarily on the same mechanism. Media partners may grant to us rebates from time to time primarily calculated based on our gross spending. Especially, when we provide traffic acquisition services only, our revenue is generated from earning rebates from media partners. We may also grant rebates to our advertising customers from time to time to incentivize them to continue to use our solutions. See "Business — Our Online Marketing Solutions Business — Pricing Models."
- Under our pan-entertainment content services business, we charge ad networks primarily based on CPM (cost per mille), and charge advertisers primarily based on CPT (cost per time) or CPA (cost per action), for the advertising spaces we provide on our *Huabian* Platform. Since January 2020, we also began to generate revenue from providing product placement opportunities in our short video KOL programs for advertisers to market their products or services.

We mainly operate in the short video marketing market connecting advertising customers and media partners as an online marketing solutions provider. The short video marketing market is an important component and driver of the overall online marketing market, due to the evolving advanced technologies, and easy access to and attention catching content of short videos. The market share of short video marketing, as a percentage of the overall revenue of online marketing market, increased from 0.1% in 2015 to 15.9% in 2019, and is expected to further increase from 21.7% in 2020 to 34.5% in 2024. The short video marketing market in the PRC is dominated by few major online publishers, including short video platforms of Supplier A and Kuaishou. According to iResearch, it is uncommon and not economically efficient for leading short video platforms to transact with advertisers directly, as (i) compared to acquisition of traffic from leading online publishers, advertisers are in greater need of value-added services provided by online marketing solutions providers to achieve better marketing effectiveness; while online publishers generally do not offer such value-added services as they have to invest time and efforts to learn about advertisers' diverse and evolving marketing needs and closely monitor campaign performance to achieve desired results; and (ii) to monetize user traffic is more economically efficient than to provide value-added services and is currently the primary monetization method for online publishers. Therefore, online marketing solutions providers emerged in order to meet the diversified needs of both the advertisers and online publishers. According to iResearch, as of June 30, 2020, there were in aggregate approximately 40,000 online marketing solutions providers available in the short video marketing market in the PRC.

We have experienced rapid growth since 2017 benefiting from the rise of short videos. During the Track Record Period, our revenue increased significantly from RMB235.4 million in 2017 to RMB2,313.0 million in 2019, representing a CAGR of 213.5%. Our profit for the year increased from RMB33.0 million in 2017 to RMB72.9 million in 2019, representing a CAGR of 48.6%. Given the continually reduced mobile internet traffic costs per GB and the technological development of network infrastructure that collectively led to the speedy growth of short video audience base, we have strategically shifted our focus to online marketing solutions (in particular short video marketing) from which the revenue accounted for approximately 70.4%, 94.5%, 98.7% and 98.9%, respectively, of our total revenue for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020. We believe that the commercialization and popularization of 5G will accelerate data transmission, further reduce mobile internet traffic costs per GB, and advance the technology development of short videos, such as AR and VR, which in turn will improve short video user experiences, diversify short video presentation formats, and enhance the appeal of short videos. According to iResearch, the size of short video content market is expected to further increase at a CAGR of 35.3% from RMB211.5 billion in 2020 to RMB709.5 billion in 2024. We believe that we have benefited and will continue to benefit from the rapid growth of the overall short video content market to achieve sustainable and profitable growth.

Launched in 2013, our online marketing solutions help our advertising customers acquire high quality traffic from top online publishers, produce appealing and attention catching ad creatives to attract target consumers, and optimize ad campaign performance automatically, intelligently and in real-time leveraging our big data analytics and AI capabilities, to improve the marketing efficiency for our advertisers.

Launched in 2012, our self-operated content platform, *Huabian* Platform, aggregates pan-entertainment articles and photos from professional media, talent agencies and self-media accounts, and presents real-time customized and popular feeds to visitors. We also initiated two short video KOL programs featuring television and movie star interviews and entertainment news to expand our pan-entertainment coverage.

Our content production capability is one of our core competencies that differentiate us from our competitors. Our in-house content production team, consisting primarily of scriptwriters, directors and production crew, is able to produce customized, appealing and attention catching ad creatives, with the capacity to produce approximately 4,400 pieces of short videos each month. Leveraging our strong content production capability, we have established a cross-media multi-channel full service content platform, covering content production, exchange and distribution that connects directly the advertisers with internet users, content providers and content distribution channels, to (i) produce original content, particularly short videos, for advertisers; (ii) facilitate content exchange between the advertisers and content providers; and (iii) distribute content to internet users through online publishers.

We have maintained well-established relationships with various top online publishers, including the six largest short video platforms in China, such as Douyin, Kuaishou, Xigua Video, Huoshan and Tencent Weishi (騰訊微視), as well as other leading content distribution platforms, including Xiaohongshu (小紅書) and Qutoutiao (趣頭條). In particular, we have a stable and cooperative partnership with Supplier A's major content distribution platforms, including Douyin, Xigua Video, Huoshan and Toutiao. We are Supplier A's early collaborator and began to acquire user traffic from its content distribution platforms in 2016. We are also one of the early online marketing solutions providers to offer short video marketing solutions through Douyin after it was launched in September 2016.

We serve a fast-growing and diversified advertiser base operating in a wide array of industry verticals, including online gaming, financial services, e-commerce, internet services, advertising and culture & media. Our advertisers that are our direct customers for both online marketing solutions business and pan-entertainment content services business increased from 558 in 2017 to 669 in 2019, representing a CAGR of 9.5%, while the average spending per direct advertiser increased from RMB0.5 million in 2017 to RMB3.4 million in 2019, representing a CAGR of 160.8%.

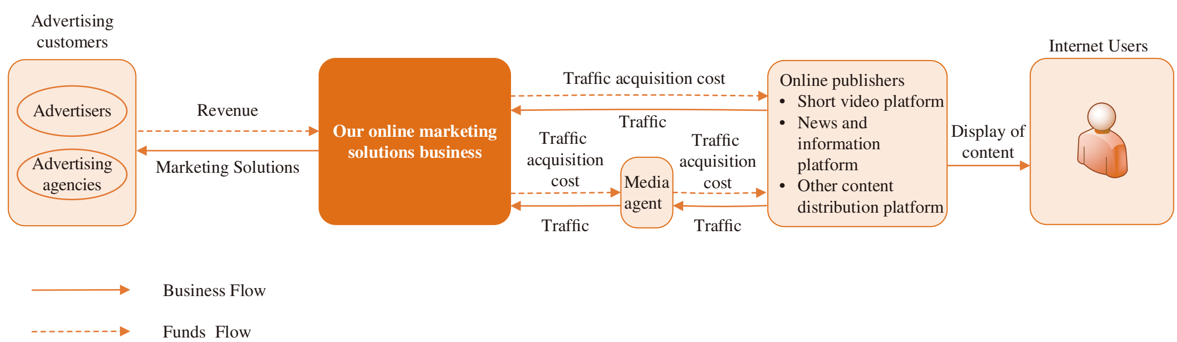
As a technology-driven company, we have developed our proprietary DMP to support internal advertising campaign management system as well as content management and distribution system through big data analytics and AI technologies. Our proprietary DMP collects and stores a wide variety of raw data on a real-time basis from the online publishers, including ad performance data and behavioral data, to generate accurate user profiling modules and continuously monitor and analyze such data to optimize ad campaign performance to acquire, convert and retain consumers in a more effective and efficient way.

OUR BUSINESS MODEL

During the Track Record Period, we generated our revenue primarily from providing (i) online marketing solutions to advertisers and advertising agencies; and (ii) advertising spaces on our self-operated *Huabian* Platform to ad networks and advertisers.

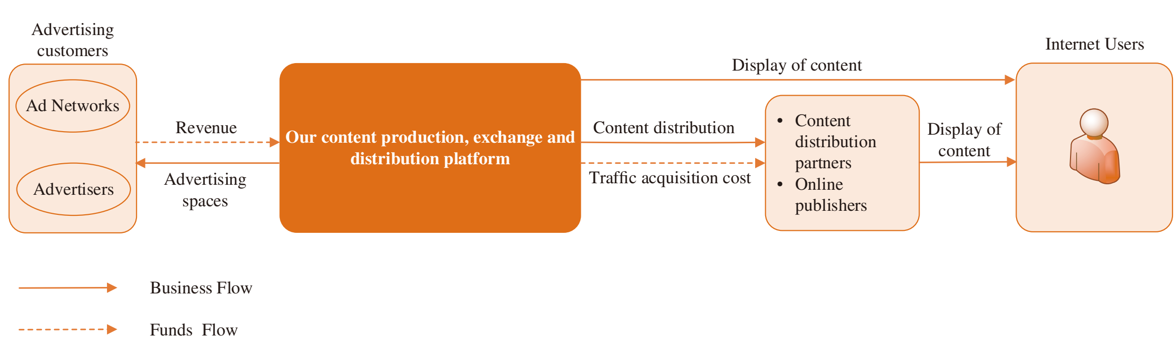
Online Marketing Solutions Business

Empowered by our proprietary DMP, we provide one-stop online marketing solutions, consisting of user traffic acquisition, ad creatives production, and ad campaign performance optimization, to advertisers directly or through advertising agencies by planning, launching and managing advertising campaigns to help advertisers acquire, convert and retain consumers and achieve their marketing goals in an effective and efficient way. We primarily deliver short video or text and image creatives in the format of native in-feed advertisements through top online publishers. We have an in-house content production team with the ability to produce customized, appealing and attention catching ad creatives. We charge our advertising customers, comprising advertisers and advertising agencies, for our one-stop online marketing solutions primarily based on a mix of oCPM, oCPC and CPC, while pay traffic acquisition costs to media partners, comprising online publishers and media agents, primarily based on the same mechanism. The following chart sets forth the business and revenue model of our online marketing solutions business:



Pan-entertainment Content Services Business

We operate a pan entertainment-oriented content platform through our *Huabian* website (**www.huabian.com**) and its mobile terminal (collectively "***Huabian* Platform**"). *Huabian* Platform aggregates pan-entertainment articles and photos from professional media, talent agencies and self-media accounts, and presents real-time customized feeds to visitors. We provide advertising spaces on our *Huabian* Platform to third-party ad networks to display their advertisements, and charge them primarily based on CPM for such advertising spaces. In addition, we also provide advertising spaces on our *Huabian* Platform to advertisers primarily in exchange for a CPT- or CPA-based service fee. We acquire user traffic from our content distribution partners to market our content and generate traffic to our *Huabian* Platform, and pay them traffic acquisition costs primarily based on CPC. The following chart sets forth the business and revenue model of our pan-entertainment content services business:



In 2019, we initiated two short video KOL programs featuring television and movie star interviews and entertainment news, with a view to (i) leveraging our short video production capability to expand our pan-entertainment coverage and (ii) incubating our own KOL brands which will enable us to capture monetization opportunities in the future. One of the two short video KOL programs, *Idol Answers* (偶像請回答), began to generate revenue from providing product placement opportunities for advertisers to market their products or services since January 2020.

Our Content Production Capability

Our content production capability is one of our core competencies that make us stand out in the industry in which we operate. We have an in-house content production team enabling us to produce customized, appealing and attention catching ad creatives for both our online marketing solutions business and pan-entertainment content services business. Our in-house content production team consisted of 86 full-time employees as of June 30, 2020, including scriptwriters, directors, editors and post-production crew, with the capacity to produce approximately 4,400 pieces of short videos each month.

In addition to our original ad creatives, our in-house content production team produces other original short video content. For example, we have produced a short video KOL program featuring interviews with movie and television stars, *Idol Answers*, and released the videos on approximately 40 online publishers, including iQIYI (愛奇藝). As of the Latest Practicable Date, *Idol Answers* had accumulated more than 1 million followers on its *Weibo* public account. As part of our pan-entertainment coverage, we also have another KOL brand, *Hippie Entertainment* (嬉游大娛記), featuring the latest and breaking celebrity entertainment news, which is distributed across approximately 27 online publishers, such as Tencent Video (騰訊視頻) and Mango TV (芒果TV). According to CAASDATA (卡思數據), a leading PRC video data collection and analysis platform, both *Idol Answers* and *Hippie Entertainment* ranked top 50 among all PGCs in the PRC. These two KOL programs had accumulated video views of more than 600 million as of the Latest Practicable Date.

KEY OPERATING DATA

The following table sets forth selected performance indicators of our advertising services for the periods indicated below:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
Online marketing solutions business					
Impressions (short videos) (millions)[(1)(3)]	7,522.9	79,880.2	179,743.3	73,624.4	80,750.1
Click-throughs (short videos) (millions)[(2)(3)]	145.1	1,312.6	4,493.6	1,627.1	1,643.0
Click-through Rate (short videos) (%)[(4)]	1.9	1.6	2.5	2.2	2.0
Likes (short videos) (thousands)[(5)]	5,964.6	70,720.6	362,362.5	119,050.7	235,305.8
Pan-entertainment content services business					
PVs (millions)[(6)(9)]	2,624.3	2,341.3	1,182.1	690.9	171.0
Average DPVs (thousands)[(6)(9)]	7,190.0	6,414.6	3,238.7	3,816.9	939.7
Average DAUs (thousands)[(7)(9)]	3,807.6	4,672.3	1,755.1	1,912.5	675.3
Average MAUs (thousands)[(8)(9)]	115,815.3	142,117.1	53,385.3	57,694.9	20,484.9
Reposts (thousands)[(10)]	571.0	478.2	206.6	134.4	27.8

Notes:

(1) Impressions are the total number of page views of our advertisements for the periods indicated. CPM and oCPM are pricing models on the basis of each one thousand impressions of the advertisement.

(2) Click-throughs are the total number of clicks on the advertisements placed by us for the periods indicated. CPC and oCPC are pricing models on the basis of each click-through of the advertisement.

(3) We charge advertising customers for our online marketing solutions primarily based on oCPM, oCPC or CPC. Our revenue derived from online marketing solutions business is positively correlated to the total number of impressions and click-throughs.

(4) Click-through rate is calculated as the total number of click-throughs divided by the total number of impressions.

(5) Likes are given by video viewers when they enjoy our short video creatives. Likes indicate the popularity of our short video creatives, including short video advertisements.

(6) PVs, or page views, refer to the total number of visits to our *Huabian* Platform during a given period. Average DPVs for a particular year/period is the average of DPVs on each day during that year/period.

(7) DAUs, or daily active users, refer to the number of unique devices that accessed our *Huabian* Platform on a given day. Multiple accesses from the same device are only counted as one DAU. Average DAUs for a particular year/period is the average of DAUs on each day during that year/period.

(8) MAUs, or monthly active users, refer to the number of unique devices that accessed our *Huabian* Platform in a given month. Multiple accesses from the same device are only counted as one MAU. Average MAUs for a particular year/period is the average of MAUs on each month during that year/period.

(9) We charge advertising customers for our pan-entertainment content services primarily based on CPM, CPT and CPA. While the number of PVs or DAUs/MAUs does not directly translate into revenue to be collected under the CPM, CPA and CPT pricing models, they are commonly-used metrics that illustrate the degree of exposure of advertisements. Generally speaking, the more exposure (i.e. the number of PVs or DAUs/MAUs) the advertisements obtain, the more impressions, downloads, installations or other agreed upon actions the advertisements are likely to achieve. Similarly, when the number of PVs or DAUs/MAUs increases, the unit price of advertising spaces on our *Huabian* Platform in a given duration is likely to increase accordingly.

(10) Reposts refer to the sharing of the content on our *Huabian* Platform by internet users.

During the Track Record Period, the key operating data of our *Huabian* Platform decreased gradually, primarily as internet users became keen to watch short videos as opposed to browsing the websites to read text and image, in line with the market trends, and therefore we strategically shifted our focus to online marketing solutions.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, our customers primarily include (i) advertisers and advertising agencies for our online marketing solutions; and (ii) third-party ad networks and advertisers for advertising spaces on our *Huabian* Platform. As of the Latest Practicable Date, we had served approximately 1,700 accumulated key account advertisers. We have maintained business relationships with our five largest customers during the Track Record Period of one to six and a half years as of the Latest Practicable Date. We generally grant to our customers credit terms of 30 to 90 days and settle with them by wire transfer. Sometimes we also require certain advertising customers to prepay for our online marketing solutions.

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, revenue from our five largest customers accounted for approximately 37.2%, 40.1%, 43.3% and 33.1% of our total revenue, respectively, and revenue from our largest customer accounted for approximately 15.8%, 18.6%, 28.4% and 9.2% of our total revenue during the same periods, respectively. Our five largest customers comprise ad networks, e-commerce companies, financial services companies and online gaming developers. Except Shanghai Buwei, all of our five largest customers during the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our customers during the Track Record Period. In addition, to the best of the knowledge of our Directors, except Shanghai Buwei, none of us, our Controlling Shareholders, directors and senior management of the Company and its subsidiaries, and any of their respective associates has any other past or present relationships, such as business, employment, family or financing, with our five largest customers (save for being our customers) during the Track Record Period. See "Business — Top Customers and Suppliers — Top Customers" for more details.

Our Suppliers

During the Track Record Period, our suppliers primarily include (i) media partners, consisting of online publishers (namely, owners of content distribution platforms) and media agents which engage with us on behalf of online publishers, for traffic acquisition; and (ii) third-party content distribution partners which market our content and redirect traffic to our *Huabian* Platform. We have maintained business relationships with our five largest suppliers during the Track Record Period of one to five years as of the Latest Practicable Date. Our suppliers generally settle with us by wire transfer and grant to us credit terms within 90 days. Certain suppliers also require for prepayment for acquiring their traffic.

For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, cost of sales attributable to our five largest suppliers collectively accounted for approximately 63.5%, 92.6%, 96.1% and 96.1% of our total cost of sales, respectively, and cost of sales attributable to our largest supplier, Supplier A, accounted for approximately 31.9%, 84.3%, 85.7% and 76.3% of our total costs of sales during the same periods, respectively. For the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2020, our gross billing generated through Supplier A's content distribution platforms accounted for approximately 37.7%, 85.2%, 87.1% and 84.8%, respectively, of our total gross billing for the same periods. We also rely on Supplier A's content distribution platforms to collect ad performance data to analyze and develop our own data graphs to better optimize our campaign performance. We enter into annual framework agreements with Supplier A which are subject to annual renewal, and sign an advertising campaign order with it for each advertising campaign. Our five largest suppliers during the Track Record Period comprised online publishers and media agents. All of our five largest suppliers during the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period. In addition, to the best of the knowledge of our Directors, none of us, our Controlling Shareholders, directors and senior management of the Company and its subsidiaries, and any of their respective associates has any other past or present relationships, such as business, employment, family or financing, with our five largest suppliers (save for being our suppliers) during the Track Record Period. See "Business — Top Customers and Suppliers — Top Suppliers" for more details.

PRICING MODELS

For our online marketing solutions, we charge advertisers or advertising agencies who represent their respective advertisers primarily based on oCPM (optimized cost per mille), oCPC (optimized cost per click) or CPC. We also charge our advertising customers based on various other pricing models, including CPA, CPT and CPM, as specified in the relevant advertising contracts. From time to time, we grant rebates to certain major advertising customers in the form of traffic volume to incentivize and encourage them to use our solutions. Such rebates are generally calculated based on their gross spending of our solutions and are recorded as deduction of revenue.

Generally, we charge advertising customers based on the same pricing model as media partners charge us. We pay our media partners for traffic acquisition primarily based on a mix of oCPM, oCPC and CPC. Media partners may grant to us rebates (i) in the form of prepayments for future traffic acquisition; (ii) to net off the trade payables we owed to them; or (iii) in cash, mainly calculated based on our gross spending of traffic acquisition costs. We record such rebates as reduction of cost of sales under gross basis, or revenue under net basis.

For our pan-entertainment content services, we charge ad networks primarily based on CPM, and charge advertisers primarily based on CPT or CPA, for the advertising spaces on our *Huabian* Platform that we own and provide.

For further details, see "Business — Our Online Marketing Solutions Business — Pricing Models" and "Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition."

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- A leading online marketing solutions provider in the short video marketing market in China
- One of Supplier A's major partners for short video marketing solutions
- A cross-media multi-channel full service content platform covering content production, exchange and distribution

- Robust big data analytics and AI capabilities
- Diversified online publisher base and fast-growing advertiser base
- Visionary and experienced senior management team

OUR STRATEGIES

We plan to implement the following strategies:

- Strengthen and deepen our collaboration with top online publishers and diversify our media partner base
- Expand our advertising customer base and explore opportunities in specific industry verticals
- Continue to unleash the monetization potential of our content production, exchange and distribution platform that offers full cycle services
- Enhance our big data analytics and AI capabilities
- Selectively pursue strategic collaboration, investment and acquisition opportunities

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Offer Shares. Some of the major risks that we face include:

- We acted as a middleman between advertising customers and Supplier A and relied on Supplier A to acquire user traffic for our advertisers during the Track Record Period. If we fail to maintain our business relationship with Supplier A or if Supplier A loses its leading market position or popularity, our business, financial condition and results of operations could be materially and adversely affected.
- If we fail to retain the existing advertising customers, deepen or expand our relationships with the advertising customers, or attract new advertising customers, our business, financial condition, results of operations and prospects may be materially and adversely affected.
- If we fail to retain the existing media partners, deepen or expand our relationships with the media partners, or attract new media partners, our business, financial condition, results of operations and prospects may be materially and adversely affected.
- If online publishers transact with advertisers directly, we may be exposed to the risk of disintermediation.
- If we fail to acquire new visitors or retain existing visitors for our *Huabian* Platform, or if visitor engagement on our platform declines, our business, results of operations and financial condition may be materially and adversely affected.
- Increased governmental regulation of content platforms may subject us to penalties and other administrative actions.
- If the online marketing industry fails to continuously develop and grow, or if the online marketing industry develops or grows at a pace slower than expected, our profitability and prospects may be materially and adversely affected.

- Any discontinuation or change in preferential tax treatment or government grants that currently are or may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.
- We may face certain risks in collecting our trade receivables, and the failure to collect could have a material adverse effect on our business, financial condition and results of operations.
- We had recorded negative cash flow from operating activities during the Track Record Period and may be subject to liquidity risks, which could constrain our operational flexibility and materially and adversely affect our business, financial condition and results of operations.

LISTING ON AND DELISTING FROM THE NEEQ

In order to improve the brand awareness and corporate governance of Netjoy Network as well as to expand its finance resources, the shares of Netjoy Network became listed on the NEEQ on April 21, 2016. After nearly three years of listing on the NEEQ, we delisted the shares of Netjoy Network from the NEEQ on April 19, 2019 after considering our future business strategy and the necessity to improve our financing efficiency as well as the desire to explore for a listing on other stock exchanges including the Stock Exchange. For further details, see "History, Reorganization and Corporate Structure."

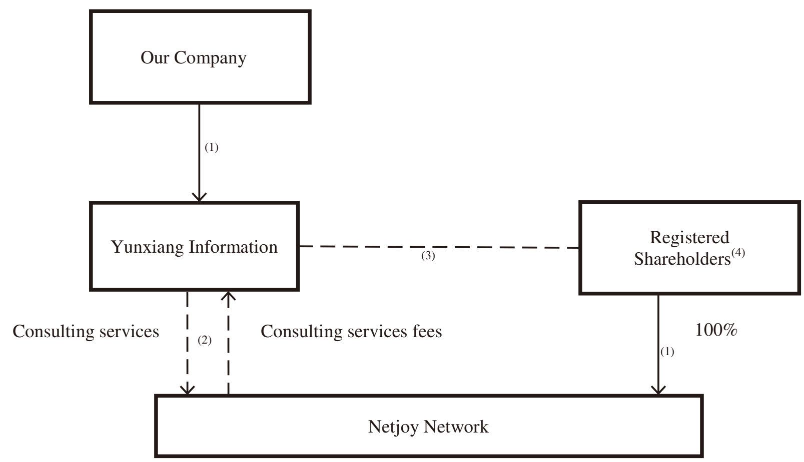
OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Ultimate Controlling Shareholders (i.e. Mr. Wang, Mr. Xu and Mr. Qin), through their respective Offshore Holding Companies (i.e. Derun Investments, Quantum Computing and CareFree Planning) and the Direct Holding SPVs of their respective Family Trusts (i.e. Wang SPV, Xu SPV and Qin SPV), collectively as the AIC Parties, were entitled to exercise the voting rights attaching to approximately 40.25% of the total issued share capital of our Company, and are regarded as a group of Controlling Shareholders of our Company.

Immediately upon completion of the Capitalization Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), the AIC Parties will collectively be entitled to exercise the voting rights attaching to approximately 30.19% of the enlarged total issued share capital of our Company and will continue to be a group of Controlling Shareholders of our Company after the Listing. For further details, see "Relationship with our Controlling Shareholders — Our Controlling Shareholders".

CONTRACTUAL ARRANGEMENTS

Pursuant to the relevant PRC laws and regulations, the operations of our Consolidated Affiliated Entity are subject to various foreign ownership restrictions or prohibitions. In particular, as confirmed by the relevant competent authorities, (i) our production of short videos and internet videos falls within the "prohibited" category, in which foreign investors are not allowed to hold any equity interest, and (ii) our operation of *Huabian* Platform requires the ICP License, which cannot be held by a Sino-foreign equity joint venture to be set up by our Company or through acquisition by our Company of any equity interest in Netjoy Network, details of which are set out in "Contractual Arrangements — Overview." Therefore, it was not viable for our Company to hold our Consolidated Affiliated Entity directly through equity ownership. On March 30, 2020, we, through Yunxiang Information, entered into the Contractual Arrangements with the Registered Shareholders and the Consolidated Affiliated Entity, pursuant to which, Yunxiang Information has acquired effective control over the financial and operational policies of Netjoy Network and has become entitled to all the economic benefits derived from its operations. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entity to our Group stipulated under the Contractual Arrangements:



Notes:

(1) "⟶" denotes direct legal and beneficial ownership in the equity interests.

(2) "– →" denotes contractual relationship through the Contractual Arrangements.

(3) "– –" denotes the control by Yunxiang Information over the Registered Shareholders and our Consolidated Affiliated Entity through (i) powers of attorney to exercise all shareholders' rights in Netjoy Network, (ii) exclusive options to acquire all or part of the equity interests in Netjoy Network and (iii) equity pledges over the equity interests in Netjoy Network.

(4) As of the Latest Practicable Date, Netjoy Network was held as to 100% by the Registered Shareholders, details of which are set out in "Contractual Arrangements."

PRE-IPO INVESTMENT

To consummate the Reorganization, Mr. Ku was introduced to our Group as the Pre-IPO Investor in 2019. As of the Latest Practicable Date, Mr. Ku held approximately 0.05% of the total issued share capital of our Company. Upon completion of the Capitalization Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), Mr. Ku will hold approximately 0.03% of the enlarged issued share capital of our Company. The Shares held by Mr. Ku are subject to a lock-up period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date. See "History, Reorganization and Corporate Structure — Pre-IPO Investment" for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this prospectus. You should read this summary in conjunction with our consolidated financial information included in the Accountants' Report in Appendix I to this prospectus, including the accompanying notes, and the information set forth in "Financial Information."

Summary of Consolidated Statements of Profit or Loss

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
			(RMB'000)		
				(unaudited)	
Revenue	**235,425**	**1,186,172**	**2,313,036**	**1,286,522**	**796,965**
Cost of sales	(185,720)	(1,077,913)	(2,153,747)	(1,217,549)	(712,584)
Gross profit	**49,705**	**108,259**	**159,289**	**68,973**	**84,381**
Other income and gains	359	1,123	15,600	5,518	11,823
Selling and distribution expenses	(1,301)	(5,910)	(7,793)	(2,781)	(2,274)
Administrative expenses	(5,658)	(13,525)	(41,561)	(13,799)	(21,656)
Impairment losses on financial assets, net	(1,899)	(3,316)	(29,630)	(12,070)	(4,000)
Research and Development expenses	(5,522)	(6,936)	(9,923)	(5,416)	(4,370)
Other expenses	–	(2,070)	(750)	–	–
Finance costs	(341)	(2,712)	(6,524)	(1,302)	(3,163)
Share of profits and losses of associates	42	(304)	381	(218)	21
Profit before tax	35,385	74,609	79,089	38,905	60,762
Income tax expense	(2,387)	(5,126)	(6,155)	(3,357)	(3,686)
Profit for the year/period	32,998	69,483	72,934	35,548	57,076

Revenue

Revenue by business segment

The following table sets forth a breakdown of our revenue by business segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	(RMB'000)	% of the total	(RMB'000)	% of the total	(RMB'000)	% of the total	(RMB'000) (unaudited)	% of the total	(RMB'000)	% of the total
Online marketing solutions business										
Gross method	158,548	67.3	1,093,601	92.2	2,243,548	97.0	1,252,010	97.3	760,114	95.4
Net method	7,291	3.1	27,826	2.3	38,756	1.7	15,299	1.2	28,215	3.5
Sub-total	165,839	70.4	1,121,427	94.5	2,282,304	98.7	1,267,309	98.5	788,329	98.9
Pan-entertainment content services business										
Huabian Platform	69,586	29.6	64,745	5.5	30,732	1.3	19,213	1.5	1,966	0.3
Idol Answers	–	–	–	–	–	–	–	–	6,670	0.8
Sub-total	69,586	29.6	64,745	5.5	30,732	1.3	19,213	1.5	8,636	1.1
Total	**235,425**	**100.0**	**1,186,172**	**100.0**	**2,313,036**	**100.0**	**1,286,522**	**100.0**	**796,965**	**100.0**

For revenue from our online marketing solutions business, we utilize a combination of gross method and net method in recognizing revenue. See "Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition" and Notes 2 and 3 in "Appendix I — Accountants' Report" to this prospectus for details. The following table sets forth certain key features of our business under gross method and net method:

	Gross method	**Net method**
Services	Online marketing solutions: one stop all-in-one service, including traffic acquisition, content production, raw data analysis and advertising campaign optimization; Pan-entertainment content services, including (i) provision of advertising spaces on *Huabian* Platform and (ii) product placement opportunities in short video KOL programs	Online marketing solutions: Advertisement distribution service, (i.e. traffic acquisition service)
Key roles and responsibilities	We act as a principal and bear the risk of loss and the responsibility of the advertising content we produce or place For all-in-one service, upon receiving advertising campaign orders from advertising customers, we produce ad creatives, set campaign parameters, bid for ad inventories, acquire user traffic from media partners and deliver finalized advertisements to target audiences. Subsequently, we monitor, collect and analyze ad performance data with the help of our DMP and optimize campaign performance leveraging our big data analytics. See "Business — Our Online Marketing Solutions Business — Business Process of Our Online Marketing Solutions" For pan-entertainment content services, we are the owner of the advertising spaces on our *Huabian* Platform and in our short video KOL programs. We either distribute the advertisements sourced from third party ad networks through our *Huabian* Platform, or produce ad creatives and distribute such advertisements for advertisers through our *Huabian* Platform or in our short video KOL programs	We act as an agent and provide intermediary service only Upon receiving advertising campaign orders from advertising customers, we set campaign parameters, bid for ad inventories and acquire user traffic on behalf of advertising customers from media partners

	Gross method	Net method
Rebates earned . . .	When we provide one-stop all-in-one service, we earn rebates from media partners from time to time calculated primarily based on the gross spending of our total traffic acquisition costs. Such rebates are recorded as reduction of cost of sales under gross method	When we provide traffic acquisition service only, we generate revenue from earning rebates from media partners calculated primarily based on the gross spending of our total traffic acquisition costs. Such rebates are recorded as revenue under net method
Payment schedule and obligations .	For all-in-one service, we either require certain advertising customers to prepay for our one stop all-in-one service or grant them credit periods of 30 to 90 days. Advertising customers are generally obligated to settle with us within the credit periods by wire transfer For pan-entertainment content services, we generally grant credit periods of 30 to 90 days to advertising customers, who are obligated to settle with us within the credit periods by wire transfer	We either require certain advertising customers to prepay for our advertisement distribution service or grant them credit periods of 30 to 90 days. Advertising customers are generally obligated to settle with us within the credit periods by wire transfer
Pricing mechanisms	For all-in-one service, we charge the advertising customers primarily based on oCPM, oCPC or CPC, and recognize revenue at a point in time when specific action (click-throughs or display of one thousand impressions) is performed For pan-entertainment content services, we charge ad networks primarily based on CPM, and charge advertisers primarily based on CPA or CPT. Our revenue earned based on CPM or CPA is recognized at a point in time when specified action (such as display of one thousand impressions, download, installation or registration) is performed, while our revenue earned based on CPT is recognized on a pro rata basis over a specific period of time contractually agreed by our customers and us for placing the advertisement See "Business — Our Online Marketing Solutions Business — Pricing Models"	We charge our advertising customers mainly based on oCPM or oCPC See "Business — Our Online Marketing Solutions Business — Pricing Models"

Revenue from Our Online Marketing Solutions Business

Our revenue generated from online marketing solutions business increased from RMB165.8 million for the year ended December 31, 2017 to RMB1,121.4 million for the year ended December 31, 2018, primarily as we strategically shifted our business focus to online marketing solutions, in particular short video marketing, which grew rapidly in 2018, in line with the increasing demand of short videos and the rapid growth of short video marketing market. Our revenue generated from online marketing solutions business increased from RMB1,121.4 million for the year ended December 31, 2018 to RMB2,282.3 million for the year ended December 31, 2019, primarily due to the rapid growth of our online marketing solutions business. Our revenue generated from online marketing solutions business decreased from RMB1,267.3 million for the six months ended June 30, 2019 to RMB788.3 million for the six months ended June 30, 2020, primarily due to our loss of customer E, our largest customer in 2019, which was partially offset by our business expansion in e-commerce industry.

Customer E was our largest customer in 2018 and 2019. Our revenue generated from customer E amounted to RMB220.2 million and RMB657.1 million in 2018 and 2019, respectively, accounting for approximately 18.6% and 28.4% of our total revenue in the same years, respectively. Our gross profit generated from customer E amounted to RMB9.4 million and RMB18.6 million in 2018 and 2019, respectively, accounting for approximately 8.7% and 11.7% of our total gross profit in the same years, respectively. In addition, gross profit margin generated from customer E was 4.3% and 3.0% in 2018 and 2019, respectively, which was lower than our overall gross profit margin in 2018 and 2019. Therefore, the loss of customer E had an adverse impact on the scale of our business, however, our profitability was not adversely affected but improved as a result of our allocation of financial resources to more profitable advertising customers. To compensate the loss of customer E and maintain our sustainable growth, we have implemented several business development plans, including seeking for business opportunities in rapidly growing industry verticals, such as e-commerce, financial services and advertising, and recruiting additional sales and marketing staff to explore new advertisers. See "Future Plans and Use of Proceeds — Use of Proceeds." Our success in business expansion in e-commerce, financial services and advertising industries has partially offset the impact of our loss of customer E, with revenue generated from these three industries increasing by RMB213.4 million from the six months ended June 30, 2019 to the six months ended June 30, 2020. In addition, in terms of gross billing, the loss of customer E with a decrease of RMB648.8 million in the six months ended June 30, 2019 was substantially offset by our business expansion in e-commerce, financial services and advertising industries with increases of RMB645.6 million in the six months ended June 30, 2020. In particular, gross billing generated from e-commerce advertisers increased by RMB331.6 million from the six months ended June 30, 2019 to the six months ended June 30, 2020. As a result, our gross billing decreased slightly by 6.0% from RMB1,669.8 million for the six months ended June 30, 2019 to RMB1,569.4 million for the six months ended June 30, 2020. Despite our gross billing had been substantially compensated by the business expansion in e-commerce, financial services and advertising industries, our revenue decreased by 37.8% from the six months ended June 30, 2019 to the six months ended June 30, 2020. This was because we mainly provide advertisement distribution service to advertising agencies in e-commerce and advertising industries. Therefore, revenue generated from these two industries was generally recorded under net method, which resulted in a difference between the gross billing and revenue generated from these industries.

The table below sets forth a breakdown of revenue generated from our online marketing solutions business by industry verticals for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	(RMB'000)	% of the total	(RMB'000)	% of the total	(RMB'000)	% of the total	(RMB'000)	% of the total	(RMB'000)	% of the total
Online gaming	64,854	39.1	811,195	72.3	1,368,410	60.0	918,486	72.5	287,830	36.5
Financial services[(1)]	41,263	24.9	67,155	6.0	273,791	12.0	87,242	6.9	143,755	18.2
E-commerce	4,581	2.8	38,082	3.4	215,467	9.4	62,065	4.9	146,336	18.6
Internet services	6,405	3.9	119,911	10.7	171,640	7.5	87,721	6.9	60,303	7.6
Advertising	20,660	12.5	45,204	4.0	72,547	3.2	22,987	1.8	95,557	12.1
Culture & media	16,566	10.0	21,024	1.9	59,323	2.6	50,310	4.0	11,313	1.4
Others[(2)]	11,510	6.8	18,856	1.7	121,126	5.3	38,498	3.0	43,235	5.6
Total	**165,839**	**100.0**	**1,121,427**	**100.0**	**2,282,304**	**100.0**	**1,267,309**	**100.0**	**788,329**	**100.0**

Notes:

(1) Financial services primarily include online insurance, consumer financing and retail banking.

(2) Others primarily include business services and healthcare.

During the Track Record Period, online gaming developers and/or distributors were our largest group of advertising customers. Our revenue generated from online gaming customers accounted for approximately 39.1%, 72.3%, 60.0%, 72.5% and 36.5% of our total revenue derived from online marketing solutions business for the years ended December 31, 2017, 2018, 2019 and the six months ended June 30, 2019 and 2020, respectively. The decrease from 2018 to 2019 and from the six months ended June 30, 2019 to the six months ended June 30, 2020 reflected our strategy and efforts to further explore other industry verticals, such as e-commerce. Our revenue generated from financial services companies accounted for 24.9%, 6.0%, 12.0%, 6.9% and 18.2% of our total revenue derived from online marketing solutions business for the years ended December 31, 2017, 2018 and 2019 and the six months ended June 30, 2019 and 2020, respectively. The decrease from 2017 to 2018 was primarily due to the stricter regulations governing online financial companies implemented by the PRC government in 2018, which had an adverse impact on the online financial service industry in China, while the increase from 2018 to 2019 and from the six months ended June 30, 2019 to the six months ended June 30, 2020 was primarily due to our strategy to seek to serve low risk and reputational financial services companies, such as GOME Credit Card, which were less affected by the stricter regulations. Our revenue generated from e-commerce companies, as a percentage of our total revenue generated from online marketing solutions business, increased from 2.8% in 2017 to 3.4% in 2018 and further to 9.4% in 2019, and increased from 4.9% in the six months ended June 30, 2019 to 18.6% in the six months ended June 30, 2020, reflecting our strategy and efforts to benefit from the rapid growth of e-commerce industry.

Revenue from Our Pan-entertainment Content Services Business

Our revenue generated from our pan-entertainment content services business decreased from RMB69.6 million in 2017 to RMB64.7 million in 2018 and further decreased to RMB30.7 million in 2019, primarily as internet users became keen to watch short videos as opposed to browsing the websites to read text and image and thus we strategically shifted our business focus to online marketing solutions. Our revenue generated from our pan-entertainment content services business decreased from RMB19.2 million in the six months ended June 30, 2019 to RMB8.6 million in the six months ended June 30, 2020, primarily due to the further decrease in revenue generated from *Huabian* Platform, which was partially offset by our new revenue stream from the short video KOL programs, in line with our strategy to upgrade our pan-entertainment content services and expand our content coverage from text and image content only to include short video programs.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,						Six months ended June 30,			
	2017		2018		2019		2019		2020	
	Gross Profit (RMB'000)	Gross Profit Margin %	Gross Profit (RMB'000)	Gross Profit Margin %	Gross Profit (RMB'000)	Gross Profit Margin %	Gross Profit (RMB'000)	Gross Profit Margin %	Gross Profit (RMB'000)	Gross Profit Margin %
Online marketing solutions business										
Gross method . . .	7,111	4.5	52,330	4.8	113,806	5.1	48,799	3.9	54,927	7.2
Net method[(1)] . . .	7,291	100.0	27,826	100.0	38,756	100.0	15,299	100.0	28,215	100.0
Sub-total	14,402	8.7	80,156	7.1	152,562	6.7	64,098	5.1	83,142	10.5
Pan-entertainment content services business	35,303	50.7	28,103	43.4	6,727	21.9	4,875	25.4	1,239	14.3
Total	**49,705**	**21.1**	**108,259**	**9.1**	**159,289**	**6.9**	**68,973**	**5.4**	**84,381**	**10.6**

Note:

(1) When we provide only traffic acquisition services for our advertising customers, we act as an intermediary and record our revenue on a net basis and do not record cost of sales. Therefore, our gross profit margin under net method is 100.0%.

Our gross profit increased from RMB49.7 million for the year ended December 31, 2017 to RMB108.3 million for the year ended December 31, 2018, and further increased to RMB159.3 million for the year ended December 31, 2019, primarily due to the rapid growth of our online marketing solutions business, reflecting our efforts to expand our business and in line with the rapid growth of our revenue from 2017 to 2019. Our gross profit increased from RMB69.0 million for the six months ended June 30, 2019 to RMB84.4 million for the six months ended June 30, 2020, as a result of the increased gross profit of our online marketing solutions business. Our gross profit margin decreased from 21.1% in 2017 to 9.1% in 2018, and further decreased to 6.9% in 2019, primarily as our online marketing solutions business that has a relatively low gross profit margin accounted for an increasing and substantial portion of our total revenue from 2017 to 2019. Our gross profit margin increased from 5.4% in the six months ended June 30, 2019 to 10.6% in the six months ended June 30, 2020, in line with the increased gross profit margin of our online marketing solutions business which contributed to a substantial portion of our gross profit.

The gross profit margin of our online marketing solutions business decreased from 8.7% in 2017 to 7.1% in 2018 and further decreased to 6.7% in 2019, primarily due to an increasingly higher proportion of gross profit generated from our online marketing solutions business under gross basis during the same years, which recorded a lower gross profit margin. The gross profit margin of our online marketing solutions business increased from 5.1% in the six months ended June 30, 2019 to 10.5% in the six months ended June 30, 2020, primarily due to (i) an increase in the gross profit margin of our online marketing solutions business under gross basis; and (ii) an increasing portion of online marketing solutions under net basis which recorded gross profit margin of 100.0%. The gross profit margin of our online marketing solutions business under gross basis increased from 4.5% in 2017 to 4.8% in 2018, and further to 5.1% in 2019, and increased from 3.9% in the six months ended June 30, 2019 to 7.2% in the six months ended

June 30, 2020, primarily due to the reduced rebates, as a percentage of our gross billing, we granted to our advertising customers. This was because we started to provide short video marketing solutions in 2017 and intended to attract advertisers by offering more rebates, while we have been reducing rebates granted to our advertising customers since 2018 as a result of (i) our value-added services provided to advertisers; and (ii) stronger bargaining power arising from our market leadership.

The gross profit margin of our pan-entertainment content services business decreased from 50.7% in 2017 to 43.4% in 2018 and further decreased to 21.9% in 2019, primarily as a result of the increasingly expensive user traffic we acquired from our content distribution partners to distribute content of our *Huabian* Platform during the Track Record Period, in line with the market trend. The gross profit margin of our pan-entertainment content services business decreased from 25.4% in the six months ended June 30, 2019 to 14.3% in the six months ended June 30, 2020, primarily due to further decrease in revenue generated from our *Huabian* Platform, while fixed costs remained relatively stable.

Summary of Consolidated Balance Sheets

	As of December 31,			As of June 30,
	2017	**2018**	**2019**	**2020**
	(RMB'000)			
Current assets				
Trade receivables	98,504	380,312	457,025	365,951
Prepayments, other receivables and other assets	10,648	36,136	106,709	169,263
Financial assets at fair value through profit or loss	–	–	–	42,000
Cash and cash equivalents	26,190	6,300	34,840	44,796
	135,342	422,748	598,574	622,010
Non-current assets	4,343	10,771	40,387	48,513
Total assets	**139,685**	**433,519**	**638,961**	**670,523**
Current liabilities				
Trade payables	48,552	147,771	179,633	115,041
Other payables and accruals	6,386	25,063	24,897	50,402
Interest-bearing bank borrowings	–	27,800	91,547	80,942
Current portion of lease liabilities	652	684	4,037	5,862
Contract liabilities	5,000	16,319	37,353	62,756
Income tax payable	2,801	6,382	18,773	11,826
	63,391	224,019	356,240	326,829
Non-current liabilities	1,523	1,277	1,044	4,857
Total liabilities	**64,914**	**225,296**	**357,284**	**331,686**
Net current assets	**71,951**	**198,729**	**242,334**	**295,181**
Net assets	**74,771**	**208,223**	**281,677**	**338,837**
Total equity	**74,771**	**208,223**	**281,677**	**338,837**

Our trade receivables increased from RMB98.5 million as of December 31, 2017 to RMB380.3 million as of December 31, 2018 and further to RMB457.0 million as of December 31, 2019, in line with the rapid growth of our online marketing solutions business. Our trade receivables decreased from RMB457.0 million as of December 31, 2019 to RMB366.0 million as of June 30, 2020, primarily as a result of our tightened credit policies. During the Track Record Period, our large amounts of trade receivables subjected us to liquidity risk and resulted in net cash outflow used in operating activities in 2018 and 2019. We have adopted a series of risk management and internal control measures to strengthen our credit policies to improve our cash position and avoid default in trade receivables by advertising customers. See "Business — Risk Management and Internal Control — Credit Risk Management" and "Financial Information — Certain Balance Sheet Items — Trade Receivables."

Our current portion of prepayments increased significantly during the Track Record Period, from RMB9.0 million as of December 31, 2017 to RMB19.0 million as of December 31, 2018 and further to RMB87.1 million as of December 31, 2019, in line with the rapid growth of our online marketing solutions business. Our current portion of prepayments continued to increase from RMB87.1 million as of December 31, 2019 to RMB134.0 million as of June 30, 2020, primarily due to our business expansion with e-commerce advertisers which were required by Supplier A to make prepayments. Our prepayments turnover days decreased from 6.8 days in 2017 to 3.3 days in 2018, primarily as a result of a significant increase in our gross spending of traffic acquisition from our media partners, in line with our strategical shift of business focus to online marketing solutions business. Our prepayments turnover days increased from 3.3 days in 2018 to 6.2 days in 2019 and further to 13.8 days in the six months ended June 30, 2020, in line with our rapid growth of prepayments which results from fast expansion of our online marketing solutions business. See "Financial Information — Certain Balance Sheet Items — Prepayments, Other Receivables and Other Assets." Prepayments for traffic acquisitions to suppliers are crucial to our operations and business expansion, and in general, the larger amounts of prepayments, the larger scale of our business, which is evidenced by the rapid growth of both our revenue and prepayments throughout the Track Record Period. Such prepayments are fully refundable upon our request, provided that (i) when we determine to cease to acquire traffic from a certain supplier and (ii) if a certain supplier fails to provide the relevant traffic resources to us in a timely manner or at all. Prepayments are subject to (i) the price pressure caused by the changes in the unit price of ad inventories and (ii) any major changes in online publishers' internal terms or policies regulating advertisers' or online marketing solutions providers' prepayments. Despite that prepayments help boost our business, any significant increase in prepayments may also result in an adverse impact on our cash flows generated from operating activities and working capital requirement and expose us to credit and liquidity risks. If our online publisher suppliers fail to provide the relevant traffic resources to us in a timely manner or at all, we may be exposed to prepayment default risks. See "Risk Factors — Risks Relating to Our Business and Industry — Our large prepayments to major suppliers may involve significant uncertainty. Failure to recover our prepayments in part or in full could have a material and adverse impact on our business and financial position."

Our contract liabilities increased from RMB5.0 million as of December 31, 2017 to RMB16.3 million as of December 31, 2018 and further to RMB37.4 million as of December 31, 2019, reflecting the rapid growth of our online marketing solutions business from 2017 to 2019. Our contract liabilities increased significantly from RMB37.4 million as of December 31, 2019 to RMB62.8 million as of June 30, 2020, primarily as a result of our stricter credit policy that requires certain advertising customers to prepay for our online marketing solutions.

See "Financial Information — Net Current Assets" for details of our net current assets.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2017	2018	2019	2019	2020
			(RMB'000)		
				(unaudited)	
Operating cash flows before movement in working capital	38,191	81,388	118,098	53,270	70,767
Changes in working capital	(30,107)	(192,802)	(116,603)	(64,703)	11,929
Interest paid	(60)	(53)	(189)	(104)	(102)
Tax paid	(927)	(2,433)	(5,274)	(5,211)	(11,018)
Net cash generated from/(used in) operating activities	7,097	(113,900)	(3,968)	(16,748)	71,576
Net cash used in investing activities	(1,235)	(5,910)	(10,769)	(1,844)	(45,772)
Net cash (used in)/ generated from financing activities	(6,210)	99,920	43,277	20,764	(15,848)
Net (decrease)/ increase in cash and bank balances	(348)	(19,890)	28,540	2,172	9,956
Cash and bank balances at the beginning of the year/period	26,538	26,190	6,300	6,300	34,840
Cash and bank balances at the end of the year/period	**26,190**	**6,300**	**34,840**	**8,472**	**44,796**

We recorded negative operating cash flow of RMB113.9 million and RMB4.0 million in 2018 and 2019, respectively, primarily due to the relatively longer credit terms we granted to our advertising customers than those media partners granted to us, as we strategically shifted our focus to short video marketing in 2018 and intended to attract advertisers by offering longer credit terms. Our operating cash outflow decreased significantly from 2018 to 2019, primarily due to our tightened credit policy in payment collection, as we have become a leading short video marketing solutions provider. Due to our effective tightened credit policy, we generated operating cash inflow of RMB71.6 million in the first half of 2020.

See "Financial Information — Liquidity and Capital Resources — Cash Flows" for details of our cash flows.

Key Financial Ratios

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

	Year ended December 31,			Six months ended
	2017	2018	2019	June 30, 2020
		%		
Profitability ratios				
Gross profit margin(1)	21.1	9.1	6.9	10.6
Net profit margin(2)	14.0	5.9	3.2	7.2
Return on equity(3)	44.1	33.4	25.9	N/A
Return on assets(4)	23.6	16.0	11.4	N/A

	As of December 31,			As of
	2017	2018	2019	June 30, 2020
Liquidity ratios				
Current ratio[5]	2.14	1.89	1.68	1.90
Quick ratio[6]	2.14	1.89	1.68	1.90
Capital adequacy ratio				
Gearing ratio (%)[7]	2.9	14.1	34.2	26.7
Net debt to equity ratio (%)[8]	N/A[9]	11.3	21.8	13.5

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin is calculated based on profit for the year/period divided by revenue and multiplied by 100%.

(3) Return on equity is calculated based on profit for the year divided by total equity at the end of the year and multiplied by 100%.

(4) Return on assets is calculated based on profit for the year divided by total assets at the end of the year and multiplied by 100%.

(5) Current ratio is calculated based on total current assets divided by total current liabilities.

(6) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities. Our quick ratio equaled to our current ratio as of December 31, 2017, 2018 and 2019 and June 30, 2020, respectively as we did not have inventories balance as of the same dates.

(7) Gearing ratio is calculated based on total borrowings (including bank and other borrowings and lease liabilities) divided by total equity multiplied by 100%.

(8) Net debt to equity ratio is calculated based on total borrowings (including bank and other borrowings and lease liabilities) less cash and cash equivalents divided by total equity multiplied by 100%.

(9) Net debt to equity ratio as of December 31, 2017 was not applicable as we had net cash as of the same date.

See "Financial Information — Key Financial Ratios" for details of the above ratios.

RECENT DEVELOPMENTS

Outbreak of Novel Coronavirus Disease 2019

There has been an outbreak of an infectious disease caused by a novel coronavirus (the "**COVID-19**"). The disease quickly spread within the PRC and globally and materially and adversely affected the global economy.

Our Directors are of the view that the recent outbreak of COVID-19 worldwide has had the following impact on our business, results of operations and financial condition:

- ***Sales of services:*** With the outbreak of COVID-19, some advertisers were undergoing financial difficulties, in particular those from tourism industry or located in high risk regions. Our revenue generated from these advertising customers who were undergoing financial difficulties during the outbreak of COVID-19 was RMB12.9 million in the six months ended June 30, 2020, accounting for approximately 1.6% of our total revenue in the same period. However, as COVID-19 has almost been controlled in China and these advertising customers have almost resumed to normal operations, there had been no default on our trade receivables by such advertising customers as of October 31, 2020. Even for those industries not severely affected by the COVID-19, the advertisers were postponing their advertising campaigns or even reducing their advertising spending as a result of the uncertain economy. However, advertisers from other industries were experiencing growth, such as online e-commerce. For example, our gross billing attributable to short video marketing solutions we provided to e-commerce companies increased by 127.8% from RMB259.5 million for the six months ended

June 30, 2019 to RMB591.1 million for the six months ended June 30, 2020. As a result of the aforementioned two offsetting factors, our sales of services were not materially and adversely affected by the outbreak of COVID-19. We even recorded revenue of RMB797.0 million for the six months ended June 30, 2020 as compared to RMB637.7 million for the six months ended June 30, 2019 (excluding revenue contribution of customer E), representing an increase of approximately 25.0%; and

- ***Operations:*** We adopted a strict disease prevention scheme to reduce the risk of our employees from infection of COVID-19. The measures implemented include, among others, sterilizing our workplaces twice a day, ventilating the workplaces, requiring employees to return to work in batches, segmenting lunch time, monitoring the body temperature of employees twice a day, and keeping track of the travel history and health of employees and their immediate family members. As of the Latest Practicable Date, all of our employees had returned to work.

iResearch is of the view that the recent outbreak of COVID-19 has not had any material adverse impact on the short video marketing market in China, primarily because: (i) people have very limited outdoor activities during the outbreak of COVID-19, therefore, their demand for certain industries increased sharply, such as online education and e-commerce, which in turn boosted advertisers' demands for short video marketing; (ii) the market demand for many industries remained unchanged, such as financial services. Nevertheless, as offline marketing activities were restricted during the outbreak of COVID-19, advertisers have been reallocating their marketing budgets from offline to online, which accelerated the development of short video marketing market; and (iii) generally the first quarter of each calendar year is the off-peak season for short video marketing. According to iResearch, despite the decreasing demand of advertisers from a limited of industries for short video marketing and their delayed spending of marketing budgets, the overall online marketing market, in particular the short video marketing market, will not be materially and adversely affected by the outbreak of COVID-19, and the size of short video marketing market is expected to increase to RMB172.4 billion in 2020 from RMB102.5 billion in 2019.

In the worst case scenario, namely, when we are required to suspend our operations after the Listing, our available financial resources of approximately RMB504.9 million comprising as of June 30, 2020 (i) cash and cash equivalent of RMB44.8 million, (ii) financial assets at fair value through profit or loss of RMB42.0 million, (iii) unutilized banking facilities of RMB17.5 million; (iv) trade receivables of RMB314.0 million subsequently settled as of October 31, 2020 and (v) 10% of net proceeds from the Global Offering of RMB86.6 million (based on HK$5.56 per Share, being the low-end of the Offer Price range stated in this prospectus), offsetting by as of June 30, (i) trade payables of RMB113.4 million subsequently settled as of October 31, 2020 and (ii) bank borrowings of RMB80.9 million based on the relevant repayment schedules can support the payment of operating expenses for approximately 45 months starting from June 30, 2020. The above estimate is based on the estimated operating expenses per month of RMB6.8 million, which comprised (i) base salaries of employees and social insurance and housing provident fund contributions of RMB3.8 million, and (ii) other operating expenses of RMB3.0 million.

Recent Developments on Our Business and Financial Performance

Our revenue and gross profit generated from *Huabian* Platform decreased significantly throughout the Track Record Period, as internet users became keen to watch short videos as opposed to browsing the websites to read text and image, in line with the market trends. Therefore, we strategically shifted our business focus to short video marketing. We expect that our revenue and gross profit generated from *Huabian* Platform would be further decreasing for the year ending December 31, 2020. In spite of the decreased revenue contribution from *Huabian* Platform, we have been upgrading our pan-entertainment content services and expanding our content coverage from text and image content only to include short videos programs. One of our two short video KOL programs, *Idol Answers*, has generated revenue in the six months ended June 30, 2020 and we expect it to generate further revenue in the six months ending December 31, 2020.

Our gross billing increased by 17.8% from RMB2,663.8 million for the ten months ended October 31, 2019 to RMB3,137.4 million for the ten months ended October 31, 2020, primarily due to our business expansion in e-commerce, financial services and advertising industries, which was partially offset by our loss of customer E.

Our Directors confirm that, up to the date of this prospectus, (i) there has been no material adverse change in our financial or trading position since June 30, 2020; and (ii) there has been no material adverse change in our business, the industry in which we operate and/or market or regulatory environment to which we are subject.

Recent Developments on Our Regulatory Environment

The PRC anti-monopoly enforcement agencies have in recent years strengthened the enforcement under the PRC Anti-monopoly Law (《中華人民共和國反壟斷法》). In March 2018, the SAMR was formed as a new governmental agency to take over, among other things, the anti-monopoly enforcement functions from the relevant departments under the MOFCOM, the NDRC and the SAIC, respectively. Since its inception, the SAMR has continued to strengthen its anti-monopoly enforcement and promulgated a series of regulations.

The SAMR published a discussion draft of the Guideline on Anti-monopoly of Platform Economy Sector (《關於平台經濟領域的反壟斷指南(徵求意見稿)》) (the "**Draft Guideline**") in November 2020, aiming to improve anti-monopoly administration on online platforms to prevent and prohibit the monopolistic competition in the platform economy sector and to promote the healthy development of platform economy. The released Draft Guideline, if enacted, will operate as a compliance guidance under the existing PRC anti-monopoly laws and regulations for platform economy operators. See "Regulatory Environment — Regulations Related to Anti-Monopoly" for a brief summary of the Draft Guideline. The Draft Guideline intends to regulate abuse of a dominant position and other anti-competitive practices by online platform operators and the related merchants and service providers on online platforms. Pursuant to the Draft Guideline, representative examples of abuse of dominance include unfairly locking in exclusive agreements with merchants and targeting specific customers with unreasonable big-data driven tailored pricing through their online behavior to eliminate or limit market competition. We believe that the risk of our violating the Draft Guideline (as is currently drafted) is low based on the following reasons. Our PRC Legal Advisors advises us that we currently do not have a dominant position in the market that we operate. First, pursuant to Section 19 of the PRC Anti-monopoly Law, a market participant that has more than 50% of the market share in a relevant market is presumed to have a dominant position in that market. According to iResearch, we, as the third largest online marketing solutions providers in terms of gross billing generated from short video advertisements, have a market share of only 0.5% in the PRC in 2019, which is far below the 50% threshold under Section 19 of the PRC Anti-monopoly Law. Second, according to iResearch, the online marketing market is highly fragmented and competitive, with the top five market players having an aggregate market share of approximately 12.4% in terms of revenue in 2019. We believe such a status will likely create a fluid and dynamic competitive landscape rather than a mature market with a dominant participant. In particular, the Draft Guideline also stipulates, among other things, that platform operators shall not use data and algorithms to eliminate and restrict competition. As advised by our PRC Legal Advisors, our usage of data and algorithms will not be materially and adversely affected by the Draft Guideline because (i) we, as an online marketing solutions provider, collect raw data from online publishers rather than generate raw data by ourselves — we do not own such raw data and therefore are not able to exclude or restrict other platform operators from collecting and using the data available in the industry; and (ii) we develop our own algorithms by analyzing raw data collected; the way we collect raw data and develop our algorithms does not prevent other platform operators in the industry from collecting data from their own data sources and developing their own algorithms based on their data analytics. Therefore, we believe our usage of data and self-developed algorithms will not exclude or restrict other platform operators and cannot reasonably be expected to result in elimination or restriction of competition.

As advised by our PRC Legal Advisors, the Draft Guideline was released for public comment only, and its operative provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty. Although it is impossible to predict the impact of the Draft Guideline, if any, at this stage, we will closely monitor and assess the trajectory of the rule-making process. Currently, our Directors believe that the Draft Guideline has no material adverse impact on our business, financial condition and results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to complex and evolving laws and regulations. Many of these laws and regulations are relatively new and subject to changes and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business."

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any proceedings, investigations or punishments for violation of the PRC Anti-monopoly Law.

OFFERING STATISTICS

	Based on an Offer Price of HK$5.56 per Offer Share	**Based on an Offer Price of HK$7.08 per Offer Share**
Market capitalization of our Shares upon completion of the Global Offering	HK$4,448 million	HK$5,664 million
Unaudited pro forma adjusted net tangible assets per Offer Share[(1)]	HK$1.76	HK$2.13

Note:

(1) See "Appendix II — Unaudited Pro Forma Financial Information" for further details regarding the assumptions used and the calculations method.

LISTING EXPENSES

Our listing expenses mainly include underwriting commissions, professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, excluding any discretionary incentive fees which may be payable by us) for the Global Offering are approximately RMB82.6 million, representing 7.7% of the gross proceeds (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised) of the Global Offering. During the Track Record Period, we incurred listing expenses of RMB19.9 million, of which approximately RMB16.0 million was charged to the consolidated statements of profit or loss for the year ended December 31, 2019 and the six months ended June 30, 2020, as administrative expenses and approximately RMB3.9 million was capitalized in the consolidated statements of financial position as of June 30, 2020 to be charged against equity upon successful Listing. We expect to incur additional listing expenses of approximately RMB62.7 million, of which approximately RMB16.2 million is expected to be recognized as administrative expenses and approximately RMB46.5 million is expected to be recognized as a deduction in equity directly upon the Listing. Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2020.

DIVIDENDS

Netjoy Network declared dividends of RMB11.0 million to its shareholders in November 2018, which was settled in January 2019. In addition to cash dividends, Netjoy Network distributed bonus shares as dividends to the then existing Shareholders in 2017 and 2018, amounting to RMB12.9 million and RMB13.8 million, respectively. Other than that, no dividend has been proposed, paid or declared by our Company since its incorporation, or by any of the subsidiaries of our Group during the Track Record Period.

We do not currently have a formal dividend policy or a fixed dividend payout ratio. Any future declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. See "Financial Information — Dividends" for more details.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$6.32 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$1,166.6 million, after deduction of underwriting commissions and estimated expenses payable by us in connection with the Global Offering. We will not receive any of the net proceeds from the exercise of the Over-allotment Option.

We intend to use the net proceeds of the Global Offering for the following purposes:

Percentage of Net Proceeds	Future Plans	Approximately HK$ in millions
13.6%	To enhance our research and development capabilities, in particular machine learning algorithms and AI capabilities, and improve our information technology infrastructure. See "Business — Our Strategies — Enhance our big data analytics and AI capabilities"	158.6
57.6%	• 48.4% to enhance our relationships with existing media partners and enlarge our advertiser and media partner bases (mainly used for (i) prepayments and deposits to top online publishers to scale our business operations; (ii) offering longer credit periods to selected customers; (iii) reduction of debt financing; and (iv) recruitment of additional sales and marketing staff); • 5.5% to enhance our content production capabilities; and • 3.7% to expand our domestic and international footprints. See "Business — Our Strategies — Expand our advertising customer base and explore opportunities in specific industry verticals"	671.7
18.8%	To pursue strategic investments in and acquisitions of upstream and downstream industry participants to achieve synergies. See "Business — Our Strategies — Selectively pursue strategic collaboration, investment and acquisition opportunities"	219.7
10.0%	Working capital and other general corporate purposes.	116.7

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, and to the extent permitted by the relevant laws and regulations, we only intend to place such proceeds in short-term interest-bearing deposits with licensed banks or authorized financial institutions in Hong Kong or China.