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

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

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

RISKS RELATING TO OUR GROUP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We may not be able to sustain our recent growth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO OUR INDUSTRY

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

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

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

– quality branding, advertising and marketing services;

– brand recognition;

– price;

– effectiveness of our advertising proposals or marketing events;

– strategic relationships with our customers and suppliers;

– resources of advertising media;

– hiring and retention of talented staff; and

– capabilities to provide tailor-made services.

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

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

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

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE [REDACTED]

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

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

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

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

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

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

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

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

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

– changes in our senior management personnel.

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

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

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

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

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

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

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

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

Possible termination of the [REDACTED].

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

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

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

RISKS RELATING TO STATEMENTS MADE IN THIS DOCUMENT

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

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

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

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

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

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

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

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

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