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OVERVIEW

We provide integrated advertising and media services to customers which can be categorised into (i) digital media services under which we provide a one-stop advertising solution package to our customers, with different types of advertisements including video, online banner, newsfeed and advertorial, through various distribution channels including the Digital Media Platforms (which include (a) our respective fan pages of “100 Most” (100毛), “TVMost” (毛記電視) and our contracted artistes on the third party social media platforms and (b) “TVMost” website and mobile application operated by our Group), third parties’ TV channels, Internet and physical advertising spaces; (ii) print media services which include (a) advertorial production and advertisement placement services in our 100 Most Magazine and (b) sales of our 100 Most Magazine, our book publications and our Blackpaper Magazine (publication ceased on 1 January 2017); and (iii) other media services which include events organisation and artistes management. Through these media platforms, we distribute our creative content featuring our own distinctive style. All our revenue during the Track Record Period was generated in Hong Kong.

Our Group commenced our business as a print media services provider offering advertorial production and advertisement placement services and providing print media publications including Blackpaper Magazine, 100 Most Magazine and various titles of books. With our expanded viewer base after we started publishing creative content primarily on our TVMost website and respective fan pages of “100 Most” and “TVMost” on one of the most popular third party social media platforms which constantly sparks discussions among the community in Hong Kong, our integrated advertising and media services evolved with increasing types of advertisements and distribution channels. We diversified our business from print media to digital media and have become capable of providing a diverse type of advertisements under our digital media services including video, online banner, newsfeed and advertorial on various distribution channels including our TVMost website, our TVMost mobile application, third party social media platforms, third parties TV channels, Internet and physical advertising spaces. Also, we further expanded the scope of our other media services under the integrated advertising and media services by way of organising events which provides advertising and media services through our sponsorship package and our contracted artistes’ participation in the advertisements and events.

The advertising and media industry is characterised by rapidly changing environment and changing viewer preference. Our Group’s successful diversification to digital media services over the years by offering prevailing types of advertisements through popular distribution channels of the time demonstrates that our Group is adaptable on the rapidly changing environment of the advertising and media market, primarily leveraging on our competitive strengths with details set forth under the sections headed “Business – Competitive strengths” and “Industry overview – Entry barriers of online advertising industry in Hong Kong – Factors leading to our success to initially overcome the industry entry barriers” in this document. Our Group endeavours to closely monitor the changing user preference of online platforms and would further expand our reach to other media platforms as and when appropriate. As at the Latest Practicable Date, our Group has also diversified our distribution channels by publishing creative content on other social media platforms which are also popular among younger generation groups.

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Leveraging on the popularity of our brands “100 Most” and “TVMost”, we intend to continuously develop our digital and print media services segments and strengthen our efforts in organising events to further extend our marketing channels to physical arena other than digital and print media to further promote our brand awareness and expand our customer base.

Our print publications are well-known to the general public in Hong Kong and each type of publications possesses its own distinguishing features. Our Blackpaper Magazine was a one-sheet Chinese language magazine normally featuring one celebrity in Hong Kong in each issue. It was first launched in January 2010 and the last issue was in December 2016. Our 100 Most Magazine is a weekly Chinese language magazine. As we target younger generation groups in Hong Kong as our readers, each issue of our 100 Most Magazine covers around a hundred short articles created by us on general entertainment topics. It was first launched in March 2013 and is issued every Thursday and distributed for sales mainly in convenience stores, bookstores chains and newsstands in Hong Kong and Macau. We started our book publication business since May 2013 and our publications cover a variety of topics mainly including fiction, prose, entertainment and documentary. Our authors include our founders and Controlling Shareholders, who are well-known figures in the media industry in Hong Kong, and our contracted artistes. Our book publications are distributed for sales mainly in bookstore chains in Hong Kong.

Leveraging the extensive readership of our print publications we have established throughout years of operations and to cater for the change of readers’ preference from print media to digital media in light of the digitalisation trend in recent years, we started launching our own media platforms, which are TVMost website and mobile application since May 2015 and November 2015, respectively, and distributing our creative content thereon to extend our content delivery network, thereby increasing our exposure and expanding our reach to a broader base of viewers. Our TVMost website and mobile application are updated periodically to capture topics that interest younger generation groups which can take an array of content types, including videos, advertorials, newsfeeds and online programmes which are generally entertainment in nature. Since mid-2017, we have experienced a decline of page views on our TVMost website to over 231,000 monthly page views in December 2017 as we have focused on updating creative content on our “100 Most” and “TVMost” fan pages on a third party social media platform (with details below) which are considered as the designated advertisement distribution platforms among our customers. During the Track Record Period, the majority of our creative works were produced based on our original ideas and some of our creative content involved parody works, for instance, cinematic adaptations, lyrics modifications and adaptations of photographs and/or content from public domain.

Apart from distribution on our own media platforms, we have also started publishing creative content mainly on our respective fan pages of “100 Most” and “TVMost” on one of the most popular third party social media platforms since March 2013 and May 2015, respectively, to maintain our competitiveness in the rapidly evolving advertising and media industry. Such platforms facilitate our content distribution and allow viewers of our fan pages to share the content published from time to time, thereby increasing our exposure and expanding our reach to a broader base of viewers. As at the Latest Practicable Date, we received more than 1.1 million and 0.7 million “likes” on our respective fan pages of “100 Most” and “TVMost” on such social media platform. The content we published thereon

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primarily focus on instant news and/or hot topics discussed on the Internet with an aim to retain attractiveness of our fan pages on such platform. Our Directors are of the view that these content are considered as instant creation and are generally different from our creative content in our weekly-published 100 Most Magazine. Save that our Group distributes covers of certain issues of our 100 Most Magazine and certain book publications on the Digital Media Platforms for promotional purpose, the textual content of our print publications are and will not be redistributed on such platforms. As such, the content of our Group's print publications generally does not overlap with those distributed on other media platforms and there will be no detrimental effect on the demand for our print publications.

Over the years of our operations, our print publications and creative content distributed on the Digital Media Platforms have been receptive and have attracted a broad base of readership with a diversified readership profile, ranging from teenagers to young adults. As one of the advertising and media market players in Hong Kong, we possess strong brand name recognition in the industry and have amassed a large base of visitors and followers who enjoy our creative content on various media channels, including the Digital Media Platforms, our print media platforms, third parties' TV channels, Internet and physical advertising spaces. As a result of the popularity of our creative content among our target audience and the enhancement of our brand names, our media platforms and our pages on social media platforms operate as cross-selling platforms with an extensive readership coverage which attract multinational customers, including brand owners and their advertising agencies to engage us for advertising and media services on those platforms.

COMPETITIVE STRENGTHS

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

Well-established brand names in the advertising and media industry that attract customers for our advertising and media services

We are an integrated advertising and media services provider known by our 100 Most Magazine (100毛) and "TVMost" (毛記電視) website we operate. Our brand is attributable to the collective creativity and sense of humour of our executive Directors and operation teams, our deep understanding of visitors' and followers' taste, our creative design and production and our effective use of popular social media platforms for content distribution, which enable us to be the forefront in capturing our social media followers' and visitors' interests and deliver creative content featuring our own distinctive style which are widely receptive and constantly sparking discussions among the broader community in Hong Kong. As at the Latest Practicable Date, we received more than 1.1 million and 0.7 million "likes" on our respective fan pages of "100 Most" and "TVMost" on one of the most popular third party social media platforms. As one of the advertising and media market players in Hong Kong, we possess strong brand recognition in the industry and have amassed a large base of visitors and followers who enjoy our creative content on various media channels, including the Digital Media Platforms, print media platform, third parties' TV channels, Internet and physical advertising spaces. Followers and visitors of our creative content on social media platforms may read and share our updates, articles and videos on such platforms which provide us with exponential exposure to our target audience.

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As we empower advertisers to reach a broad base of audience through our creative content, we attract a diverse base of customers, including high-profile multinational brand owners, to engage us for provision of our integrated advertising and media services during the Track Record Period ranging from slogan design, marketing strategy and direction planning, advertising ideas conceptualisation and formulation, advertisement production and editing, artistic and digital graphics design to media distribution. For details of representative projects undertaken by us, please refer to the paragraph headed "Integrated advertising and media services – (A) Digital media services – Representative projects undertaken" in this section below.

Capability of addressing the diversified advertising needs of our customers through provision of our integrated advertising and media services

Our integrated advertising and media business model offers a wide spectrum of advertising services on different media platforms, including our one-stop advertising solution package to our customers under the digital media services segment which can satisfy the diversified advertising needs of the advertisers. We provide flexibility in our service offerings so that our customers can select the specific advertising and media services to serve their marketing objectives and we ensure the service fees for the customised services we provide fall within our customers' advertising budgets. We believe our service approach provides the advertisers with greater efficiency and flexibility in the allocation of their advertising budgets and promotion of their brands, products or services. Our Directors also believe that our integrated advertising and media services help ensure the smooth running of various parts of a single project by reducing the time and resources required of the advertisers and our Group in project coordination and execution of advertising ideas.

Going forward, we will continue our efforts in enhancing the quality of our services and strengthening the portfolio of our services. Our Directors believe that our proven track record in serving reputable customers would help us retain our existing customers and further broadening our customer base.

Well-established business relationships with our customers from diverse industries

Our customers comprise mainly local and multinational brand owners and advertising agencies of brand owners during the Track Record Period. Our advertisers are engaged in a wide variety of industries and most of our advertising agency customers are the leading and sizeable players in the advertising industry in Hong Kong. We believe that having customers from a wide variety of industries reduces the risk of over concentration on any particular industry which prevents us from being vulnerable to seasonality, economic cycles and fluctuations in a particular industry.

As at the Latest Practicable Date, we have maintained business relationships of approximately five years with most of our major customers. We believe that, by establishing close relationships with our customers, we are able to familiarise ourselves with the customers' corporate cultures, advertising budgets and preferences so that we can better manage their expectations and offer them customised services that serve their marketing objectives.

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Experienced management team and creative and responsive execution team

Each of our executive Directors who are also the founders of our Group, namely Mr. Iu, Mr. Luk and Mr. Tsui, has over ten years of experience in the media and entertainment industry and seven years of experience in the advertising industry since the founding of our Group. Our senior management team members are experienced in the art, creative media and sales and marketing industry, respectively, and each of them has over five, ten and ten years of experience in their respective industries. We believe that the extensive experience and in-depth market knowledge possessed by our management team and our executive Directors enables us to keep abreast of the latest market trends, understand the needs of our customers and provide high quality customised advertising and media services to our customers. For details and biographies of our executive Directors and senior management, please refer to the section headed "Directors and senior management" in this document.

Our management team is supported by a team of creative and responsive employees who are devoted to advertisement production and capable of executing creative marketing ideas. As we expand our service offerings and diversify into digital media services, events organisation and artistes management business, our Group has been expanding our operation teams to support the daily operation of our business segments. Our daily execution work have been increasingly handled by our operation teams which generally operate independently from the involvement of our executive Directors. Our operation teams have different responsibilities and they work collectively amongst each other to provide the services tailored to the needs of our customers. As at the Latest Practicable Date, we had three operation teams, namely (i) the sales and marketing team which is mainly responsible for sales and pitching activities, customers liaison and management for the promotion of our business; (ii) the design and production team which is mainly responsible for (a) creating and producing the artworks in our creative productions across different business segments and (b) creating advertisement and/or advertorial to be distributed on the Digital Media Platforms; and (iii) the editorial and publication team which is mainly responsible for continuously updating creative content on the Digital Media Platforms (excluding our contracted artistes' fan pages on third party social media platforms) and monitoring responses thereon, creating content for our TVMost online programmes and our 100 Most Magazine and assisting in publishing work for our print media and digital media services. For further details on our operation teams and their respective roles, please refer to the paragraph headed "Our operation teams and key personnel" in this section below. As the majority of our target audience are the younger generation groups in Hong Kong, our operation teams are essential for us to support our business operation and maintain competitiveness in the rapidly evolving advertising and media industry.

BUSINESS STRATEGIES

We aim to become one of the most influential integrated advertising and media services providers through the following strategies.

Pursue growth through acquisitions and/or strategic alliance

We intend to increase our presence in our existing markets through selected merger and acquisition opportunities and/or strategic alliance with identified market players in the industry. We have been seeking to acquire market players whose businesses, service growth

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potential and brand recognition are complementary to ours or companies which will have the potential growth upon or after being acquired by us, thereby enhancing the operational efficiency of our service delivery and/or expanding the portfolio of our services. In particular, we target those companies engaged in video production, event marketing, digital advertising and media service and technology development activities to enhance our horizontal growth. Generally, we will focus on targets with relatively small operation scale which our Group could obtain control after acquisition. Such targets could be small scale entities operated by individuals which we are acquainted with or are recommended by industry referral. In selecting these acquisition and/or cooperation targets, we mainly assess (i) the quality and competitiveness of their works and/or services; (ii) the consideration for the acquisition; (iii) the background of the target companies and/or their management and expertise; (iv) the level of complementary effect to the image and working style of our Group; and (v) the possible business synergies to our Group and the anticipated profitability of the target.

Leveraging on the experience and network of our management in the advertising and media industry, our Directors are of the view that there are some potential targets engaging in the aforementioned services available in the market with which we may pursue mergers and acquisitions opportunities. As at the Latest Practicable Date, we have not identified any potential acquisition target or entered into any agreement for any acquisition or strategic alliance, nor have we conducted any detailed feasibility study on specific potential targets. We had no intention to acquire any company or business which would lead to a material change of the current principal business and/or corporate structure of our Group.

Our Directors believe that our mergers and acquisitions initiatives enable us to (i) minimise our production costs in the long run since our production costs can be better controlled and monitored by our Group internally and we could be less subject to price fluctuations of third party subcontractors; and (ii) facilitate our production and streamline our operation as we can minimise the time and resources involved in liaising with third party subcontractors on the production schedule and/or accommodating their work schedule. Our Group intends to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] to pursue our acquisition and/or alliance opportunities.

Expand our customer base and business operations through sales and marketing efforts

While our print media services segment has become relatively established throughout the years of operation since its commencement and we do not require additional or significant resources to achieve sustainable development of the service segment, our Directors believe the continual increase in Internet penetration and mobile connected device users would facilitate the public accessibility to various digital media, thereby increasing the demand for digital media services in Hong Kong. In view of the market potential and demand, we intend to continue to expand our customer base in Hong Kong and strengthen our relationship with our existing customers through sales and marketing efforts. We plan to hire additional sales executives in the second quarter of 2018 to support our business growth in digital media services segment through sales support to a broader range of brand owners and advertising agencies in the provision of our integrated advertising and media services to strengthen our relationship with our customers. In the meantime, we will also have to continue to accurately identify the needs of our customers and present our creative ideas and plans. In this respect, we aim to recruit marketing staff to assist in conducting pitching activities to build up and strengthen relationship with a broader customer base. Our sales and marketing staff will also conduct digital marketing activities to achieve search engine optimisation and optimise our use

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of different digital media platforms as content distribution channels and organise physical marketing campaigns to further enhance the overall brand awareness of our Group. In addition, we also plan to invite selected key opinion leaders (KOLs), advertising agencies and/or experts from different industries in Hong Kong to deliver seminars and training programmes relating to our business, operation and/or market development to our staff so as to keep our staff abreast to the latest market knowledge on a regular basis. In addition, in order to derive commercial benefit from our large base of followers and visitors, we plan to perform a more comprehensive data analysis regarding the preferences of our followers and visitors to obtain ideas for producing creative content which appeal to our target audience. It is our plan that the newly hired marketing staff will also conduct such data analysis to enhance our edge in the market. Our Group intends to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] to expand our team to strengthen our sales and marketing efforts.

Upgrade IT infrastructure and procure equipment with advanced technologies to facilitate production efficiency

IT forms an important part of our digital media services. The revenue generated from our digital media services amounted to nil, approximately HK\$28.4 million, HK\$74.5 million and HK\$50.6 million during the Track Record Period, representing nil, approximately 51.8%, 78.2% and 91.3% of our revenue during the same periods, respectively. To improve the visual quality of our production on the Digital Media Platforms and facilitate our production efficiency, we intend to upgrade our TVMost website, mobile application and the internal IT system of our Group and to procure new production equipment with advanced technologies. The new production equipment we plan to acquire in the first half of 2018 can produce visual images of different picture qualities for use in projects of different scale and complexity so as to satisfy the varying needs of our customers and further differentiate our Group apart from competitors. We also expect to launch our upgraded TVMost website and mobile application by the first half of 2018. Our Group intends to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] to upgrade the relevant IT infrastructure and procure new equipment.

Strengthen our efforts in events organisation to further extend our marketing channels

Leveraging on the success of the two major events we held in 2016 namely the Awards Ceremony and the Anniversary Ceremony, we plan to organise an event in each of the years ending 31 March 2019 and 2020 respectively (in addition to the 2018 April Talk Show) to further extend our marketing channels to physical arena to further promote our brand awareness and strengthen our event portfolio. To support our initiative, we plan to expand our existing design and production team by hiring two new staff who have experience in events organisation, so that the events can be organised to achieve optimal marketing effect. Our Group intends to apply approximately HK\$[REDACTED], representing approximately [REDACTED]% of the net [REDACTED] from the [REDACTED] to achieve this purpose.

For details of our use of [REDACTED] from the [REDACTED], please refer to the section headed "Future plans and use of [REDACTED] – Use of [REDACTED]" in this document.

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OUR CREATIVE CONTENT AND MEDIA PLATFORMS

We are an integrated advertising and media services provider striving to curate the most trendy and creative content that appeal to our target audience who are generally the younger generation groups in Hong Kong. As at the Latest Practicable Date, our creative content mainly included those published on the Digital Media Platforms, such as videos, online banners, newsfeeds and advertorials and our print media content which included our 100 Most Magazine, the advertorials and advertisements printed therein and our book publications.

During the Track Record Period, the majority of our creative works were produced based on our original ideas and some of our creative content involved parody works, for instance, cinematic adaptations, lyrics modifications and adaptations of photographs and/or content from public domain.

Digital media

Our Group has established brands of “黑紙” and “100 Most” through the launch of our print media services since 2010. Leveraging the extensive readership of our print publications we have established throughout years of operations and to cater for the change of readers’ preference from print media to digital media in light of the digitalisation trend in recent years, our Group has formally launched the digital media services in the year ended 31 March 2016 to diversify our service offerings from print to digital media platforms. While the business diversification of our Group has not changed the nature of our business, that is, creative content production, and the overall business model of our Group, the launch of our own media platforms and our fan pages on third party social media platforms has enhanced our advertisement distribution capability, thereby maximising the advertising and promotional effects of our creative content.

The creative content on the Digital Media Platforms are updated by us periodically to capture the interests of our target audience. To cater for different interests of our audience, apart from sharing articles and videos sourced from third party social platforms on our TVMost website and mobile application, we also produce a series of online programmes featuring our own distinctive style to cover a variety of topics which are accessible on our TVMost website and mobile application. During the Track Record Period, examples of our programmes were 六點半左右新聞報道, 星期三港案 and 今日問真啲. Our programmes are generally hosted by our own artistes and staff and are receptive among our audience which go viral on social media channels and spark insightful discussions among the viewers and the broader community in Hong Kong. Since the launch of our TVMost website in May 2015, we have accumulated over 200 million page views up to the Latest Practicable Date, while our mobile application was launched in November 2015 and we have recorded an aggregate of over 500,000 downloads under two of the most popular smartphone operating systems up to the same date.

Apart from distribution on our own media platforms, we have also started publishing creative content mainly on our respective fan pages of “100 Most” and “TVMost” on one of the most popular third party social media platforms since March 2013 and May 2015, respectively, to maintain our competitiveness in the rapidly evolving advertising and media

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industry. Such platforms facilitate our content distribution and allow viewers of our fan pages to share the content published from time to time, thereby increasing our exposure and expanding our reach to a broader base of viewers. As at the Latest Practicable Date, we received more than 1.1 million and 0.7 million “likes” on our respective fan pages of “100 Most” and “TVMost” on such social media platform.

Print media

During the Track Record Period, we published two magazines, namely Blackpaper Magazine and 100 Most Magazine, which are entertainment in nature targeting the younger generation groups in Hong Kong. Blackpaper Magazine and 100 Most Magazine were first launched in January 2010 and March 2013, respectively, and as a result of our management’s decision to reallocate resources among our different services, publication of Blackpaper Magazine ceased on 1 January 2017. 100 Most Magazine is issued every Thursday and distributed for sales mainly in convenience stores, bookstore chains and newsstands in Hong Kong and Macau, and each issue covers around a hundred of short articles on general entertainment produced by our Group. Apart from our 100 Most Magazine, our publications also include book publications which were distributed for sale in bookstore chains in Hong Kong as at the Latest Practicable Date.

During the Track Record Period, our revenue generated from our print media services segment decreased from approximately HK\$23.8 million for the year ended 31 March 2015 to approximately HK\$22.7 million for the year ended 31 March 2016 and further decreased to approximately HK\$9.8 million for the year ended 31 March 2017. Our revenue derived from print media services for the eight months ended 30 November 2016 was approximately HK\$8.1 million, which was decreased to approximately HK\$4.6 million for the corresponding period in 2017. During the same periods, the segment gross profits were approximately HK\$15.1 million, HK\$12.8 million, HK\$2.1 million and HK\$0.3 million, respectively. The decreased gross profits derived from print media services over the Track Record Period was mainly attributable to a decrease in sales of our magazines and book publications as a result of the decreasing market preference on print publications and the sluggish development of the overall print media industry.

Our Directors believe that maintaining and expanding the readership of our print publications is crucial for the sustainable development of our print media services business. We are dedicated to capturing the latest trendy topics that interest younger generation groups in our 100 Most Magazine and having popular artistes and celebrities to appear on its cover stories. We would also use our fan pages on social media platforms as our cross-selling platforms effectively to attract new readers and our customers who placed advertisements on the Digital Media Platforms to extend their advertising platform to our 100 Most Magazine. In addition, our editorial and publication team has actively approached popular book authors and Internet celebrities (including our contracted artistes) to author book publications which cover a wider range of topics to attract readers with different preferences. Furthermore, our Group intends to enhance our book publications marketing efforts by continuing to participate in the annual book fair.

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In addition, we have implemented measures to lower our operating costs in our print media service business. We entered into a renewal contract with one of our suppliers, being the printing house of our 100 Most Magazine, at a lower printing price rate as compared to the previous contracts. To improve our cost efficiency, we had reassessed the resources allocated to each of our business segments and reallocated resources according to our business needs. We also promoted sharing of resources among our different operation teams, for example, our editorial staff who used to be solely responsible for our print media services had been allocated to concurrently assist in the editorial content on the Digital Media Platforms to facilitate better manpower management.

Our creative content in both digital and print formats have attracted high level of popularity from our audience and this serves as an effective marketing tool for our Group to attract advertisers to engage us for our integrated advertising and media services.

OUR PRINCIPAL BUSINESS

We are an integrated advertising and media service provider in Hong Kong providing a wide spectrum of integrated advertising and media services to advertisers from a diversified spectrum of industries. During the Track Record Period, we derived revenue from provision of (i) digital media services; (ii) print media services; and (iii) other media services which include events organisation and artistes management. The table below sets out our customers, sources of revenue, distribution platforms and fees earned by our Group under each business segment during the Track Record Period:

Business segments	Customers	Sources of revenue	Distribution platform(s)	Fees
Digital media services	Advertising agencies of brand owners, brand owners and others	Provision of one-stop advertising solution package	Digital Media Platforms, third parties' TV channels, Internet and physical advertising spaces subject to the needs of our customers	Advertising fees
Print media services	(i) Advertising agencies of brand owners, brand owners and others	(i) Advertorial production and advertisement placement services	100 Most Magazine, Blackpaper Magazine (publication ceased on 1 January 2017)	Advertising fees
	(ii) Magazine Distributor and Book Distributor (for sales of publications to distributors) and readers (for sales of publications to customers in book fairs and events)	(ii) Sales of publications including books published by our Group, Blackpaper Magazine (publication ceased on 1 January 2017) and 100 Most Magazine	Bookstores, newsstands, online bookstores and convenience stores in Hong Kong and Macau, where appropriate	Income generated from sales of our publications

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Business segments	Customers	Sources of revenue	Distribution platform(s)	Fees
Other media services	(i) For events organisation: brand owners, advertising agencies of brand owners and others as well as public audience	(i) (a) providing sponsorship package including brand name logo credit in event promotional materials and other advertising and media services requested by our customers; (b) providing our stage performance in the events; (c) sales of tickets of the events organised by our Group; (d) granting right and licence to a third party to broadcast our Anniversary Ceremony on live on a designated free TV channel; and (e) sales of our brand products and publications to the audience	Public arena	Advertising fees and ticketing fees
	(ii) For artistes management: brand owners, advertising agencies of brand owners and others	(ii) Our contracted artistes appearing in advertisements we produced for our customers and events we organised as well as other activities organised by third party customers	N/A	Artistes management fees

Our revenue generated during the Track Record Period recorded a significant increase from approximately HK\$24.0 million for the year ended 31 March 2015 to approximately HK\$54.8 million for the year ended 31 March 2016 and further increased to approximately HK\$95.2 million for the year ended 31 March 2017. Such increase was mainly attributable to the diversification of our services to the Digital Media Platforms since the year ended 31 March 2016 to cater for the changing consumers' preferences due to digitalisation, which accounted for nil, approximately 51.8%, 78.2% and 91.3% of our revenue during the three years ended 31 March 2017, respectively, and the revenue derived from the two events we organised in January and May 2016. Following the official launch of our "TVMost" website in May 2015, we have expanded the distribution of our creative content through the Digital Media Platforms and developed a broad base of viewers since then. Such enlarged audience base has effectively enhanced our brand recognition, thereby attracting customers to engage us for advertising and media services and increasing our revenue under the digital media services category.

According to the Ipsos Report, along with the emergence of information and communication technology and digital media, the trend of higher preference on online advertising has accelerated since 2014. Following the emergence of social media and the increasing number of consumers using various mobile devices such as smartphones and tablets since 2012, the growth of online advertising industry in Hong Kong is expected to continue in the future. However, following the digitalisation trend, the print media industry has steadily declined driven by the decreased preference of print media in Hong Kong.

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The table below sets forth a breakdown of our revenue by business segments and our gross profit and gross profit margin for the periods indicated:

	2015			For the year ended 31 March						For the eight months ended 30 November										
				2016			2017			2016			2017							
				(unaudited)																
	Revenue	Gross profit	Gross profit	Revenue	Gross profit	Gross profit	Revenue	Gross profit	Gross profit	Revenue	Gross profit	Gross profit	Revenue	Gross profit	Gross profit					
	HKS'000	%	HKS'000	HKS'000	%	HKS'000	HKS'000	%	HKS'000	HKS'000	%	HKS'000	HKS'000	%	HKS'000					
			margin (%)			margin (%)			margin (%)			margin (%)			margin (%)					
Digital media services ⁽¹⁾	-	-	-	28,402	51.8	21,139	74.4	74,478	78.2	47,842	64.2	57,677	75.7	39,422	68.3	50,550	91.3	27,590	54.6	
Print media services																				
- Advertorial production and advertisement placement	11,118	46.4		13,662	24.9			3,733	3.9			2,972	3.9			694	1.3			
- Magazines and book publications ⁽²⁾	12,691	52.9		9,039	16.5			6,093	6.4			5,141	6.8			3,871	7.0			
	23,809	99.3	15,128	63.5	22,701	41.4	12,783	56.3	9,826	10.3	2,121	21.6	8,113	10.7	2,875	35.4	4,565	8.3	288	6.3
Other media services																				
- Events organisation ⁽³⁾	177	0.7		3,371	6.2			10,459	11.0			10,254	13.5			-	-			
- Artistes management ⁽⁴⁾	-	-		351	0.6			465	0.5			81	0.1			201	0.4			
	177	0.7	35	19.8	3,722	6.8	2,410	64.8	10,924	11.5	8,307	76.0	10,335	13.6	7,743	74.9	201	0.4	100	49.8
Total	23,986	100.0	15,163	63.2	54,825	100.0	36,332	66.3	95,228	100.0	58,270	61.2	76,125	100.0	50,040	65.7	55,316	100.0	27,978	50.6

Notes:

- (1) During the Track Record Period, the revenue of digital media services was generated from the provision of our one-stop advertising solution package to our customers. We formally launched our digital media services in the year ended 31 March 2016 to further diversify the coverage of our services from print to digital media. During the year ended 31 March 2015, we were requested by our customers to produce and distribute creative content in digital format including advertising videos and newsfeeds as ancillary service supplemental to their service contracts for print media services. Such trial production of videos and newsfeeds offered our Group an opportunity to tap into the digital media services segment in the subsequent financial year. We formally established TV Most Broadcasts and commenced operating our digital media services segment in the year ended 31 March 2016.
- (2) Our 100 Most Magazine was issued weekly on every Thursday during the Track Record Period. Our Blackpaper Magazine was issued on every first and fifteenth day monthly in 2014. From 1 January 2015 to 31 December 2015, our Blackpaper Magazine was issued on a weekly basis. From 1 January 2016 onwards, Blackpaper Magazine was issued on a monthly basis until the cessation of publication on 1 January 2017. The number of book titles published by our Group during the Track Record Period was 30, 33, 28 and 18, respectively.
- (3) In March 2015, we organised a book publishing event for a book author to promote the sales of our book publications. In January 2016 and May 2016, our Group organised two events in Hong Kong, being the Awards Ceremony and the Anniversary Ceremony, respectively.
- (4) As at 31 March 2015, 2016 and 2017 and 30 November 2017, we had two, 13, 17 and 19 contracted artistes under our management, respectively.

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The following table sets forth the number of on-going contracts of our Group with respect to our digital media, print media and other media services (except for the distribution agreements in relation to the sales of magazines and book publications), and the respective revenue to be recognised, as at the dates indicated:

	As at	
	30 November 2017	Latest Practicable Date
Number of on-going contracts	62	54
Aggregate outstanding contract value as at the given date and the corresponding revenue expected to be recognised	Approximately HK\$12.9 million as at the given date, of which approximately HK\$12.4 million and HK\$0.5 million are expected to be recognised for the years ending 31 March 2018 and 2019, respectively.	Approximately HK\$19.1 million as at the given date, of which approximately HK\$16.1 million and HK\$3.0 million are expected to be recognised for the years ending 31 March 2018 and 2019, respectively.

As confirmed by our Directors, it is not an industry practice for advertisers or brand owners to provide any periodical advertising budget to advertising service providers, including our Group, for a yearly or periodically planned service requirement schedule or enter into fixed-amount contracts on a long-term basis. During the Track Record Period, our service contracts were mostly entered into on a project basis with contract term of less than a year since most of our customers would only approach us for media services shortly before they launch their products and/or services with an aim to capture the latest hot topics that would interest the target consumers. As such, our service contracts generally have shorter project cycle, resulting in relatively fewer backlog contracts of our Group on hand at a particular time. With respect to service contract value, such value varies on a case-by-case basis, subject to various factors such as detailed scope of work and service offerings requested by our customers. Taking into consideration the historical contract value and the fewer number of backlog contracts of our Group, our Directors consider that the relatively minimal backlog contract in value shall be in line with the industry practice. For details of our existing distribution agreements entered into with the distributors, please refer to the section headed "Business – Integrated advertising and media services – (B) Print media services – Publication of our magazines and book publications" in this document.

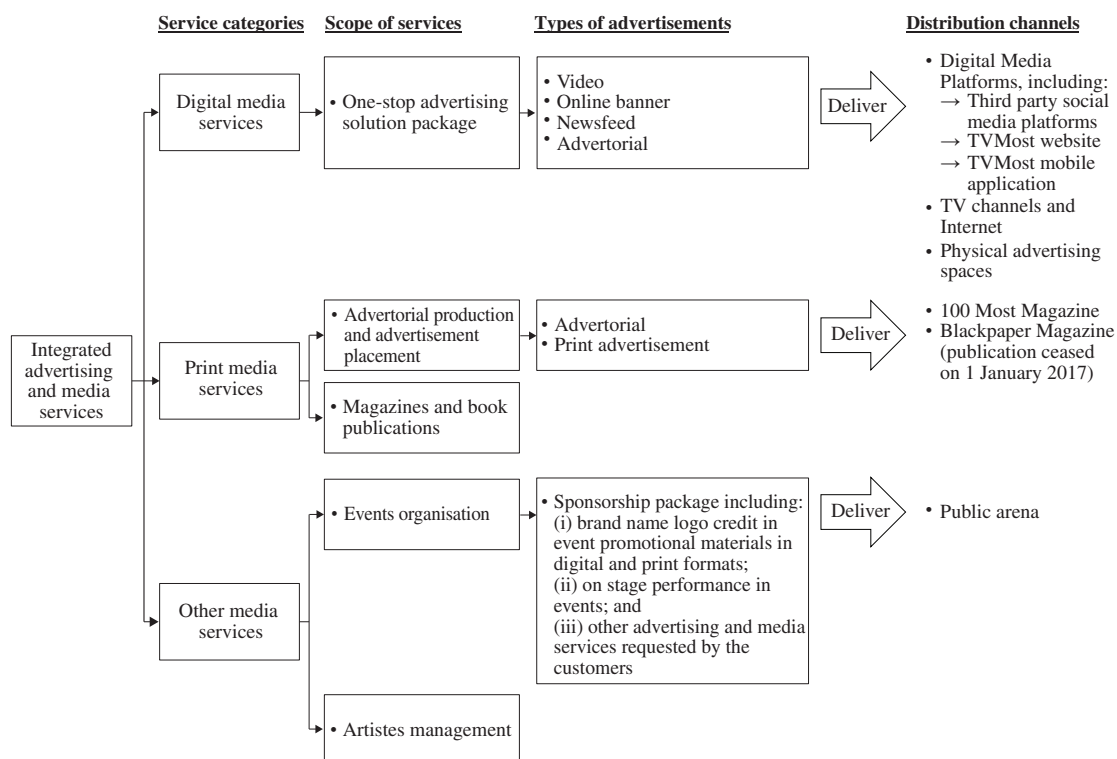
BUSINESS

Our revenue from the provision of our one-stop advertising solution package under the digital media services and advertorial production and placement services under the print media services segment during the Track Record Period (collectively as the “**advertising-related revenue**”) was mainly derived from advertising agencies and brand owners. The following table sets forth the breakdown of our advertising-related revenue by customer type and the respective number of customers for the periods indicated:

	For the year ended 31 March						For the eight months ended 30 November								
	2015		2016		2017		2016 (unaudited)		2017						
	HK\$'000	Number of customers	HK\$'000	Number of customers	HK\$'000	Number of customers	HK\$'000	Number of customers	HK\$'000	Number of customers	HK\$'000	Number of customers			
Advertising agencies	6,562	59.0	26	23,314	55.4	46	42,277	54.1	59	35,886	59.2	51	14,300	27.9	33
Brand owners and others	4,556	41.0	127	18,750	44.6	233	35,934	45.9	219	24,763	40.8	156	36,944	72.1	95
Total advertising-related revenue/ number of relevant customers	11,118	100.0	153	42,064	100.0	279	78,211	100.0	278	60,649	100.0	207	51,244	100.0	128

INTEGRATED ADVERTISING AND MEDIA SERVICES

The following flowchart sets forth the general scope of our integrated advertising and media services, the types of advertisements we produce and the distribution channels of our creative content:



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(A) Digital media services

We are committed to providing customised advertising and media services pertaining to the characteristics and marketing objectives of our customers.

Our one-stop advertising solution package offers comprehensive and all-our-customers-need advertising and media services throughout the entire advertisement pre-production, production and distribution stages, ranging from slogan design, marketing strategy and direction planning, advertising ideas conceptualisation and formulation, content production and editing, artistic and digital graphics design, overall production management and coordination, artistes liaison to distribution of advertisements on specified media platforms. While our customers may engage us to provide one-stop advertising services, we also provide flexibility in our service offerings so that our customers can select the specific advertising and media services from our services package to serve their marketing objectives. We will provide customised services to their satisfaction and ensure the services fees fall within our customers' advertising budgets. Our executive Directors consider that, through providing a wide spectrum of services for our customers' selection, we offer value-added services to our customers which differentiate us from our competitors.

The advertisements we produce include an array of content types, including videos, online banners, newsfeeds and advertorials to be distributed on the Digital Media Platforms and offline channels such as third parties' TV channels and physical advertising spaces. In accordance with the terms of contracts we entered into with our customers, we also engaged in placement of advertisements produced by third party advertising companies on the specified Digital Media Platforms for an agreed duration on a project basis. Depending on the nature of services and complexity of our engagement, the advertisements we design and produce may take around a week to two months to publish after receiving instructions from our customers. For details of our operational flow under this service category, please refer to the paragraph headed "Our operational workflow for integrated advertising and media services" in this section below.

We generally design the advertisements by ourselves in accordance with our customers' needs and specifications and engage third party production houses to assist in the production of the advertisements including photo and video shooting and subsequent video editing and cutting. For details of the subcontracting arrangements and our quality control over the work performed by the subcontractors, please refer to the paragraph headed "Quality control – Subcontracting" in this section below.

During the Track Record Period, most of the advertisements (including those produced by our Group and third parties) were placed on the third party social media platforms and no fees were charged by such platforms for posting advertisements. However, we paid fees to one of the third party social media platforms for boosting the original posts to attract the attention of and expand the reach to users of such platforms. Such platforms allow the viewers of the advertisements to share the content published from time to time, thereby broadening the base of our online viewers. By subscribing to our fan pages on social media platforms, viewers become our followers and may share our advertisements with their friends within the platforms which increases our exposure and expands our reach to like-minded viewers. In occasions

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where our customers require distribution on platforms other than the Digital Media Platforms, such as third parties' TV channels, Internet or physical advertising spaces, our customers are required to pay us additional royalties and our customers will make their own arrangements with the relevant third parties for such distribution.

During the Track Record Period, we entered into service contracts with our customers on a project basis which may include the following material terms: (i) form and number of advertisement to be designed and produced; (ii) advertisement launch date; (iii) distribution channels of the advertisement designated by our customers and duration of publication on the specified Digital Media Platforms; (iv) details of production, including preparation of props, make-ups and styling of artistes, post-production video editing, colour tuning, and sound mixing; (v) amount and components of our services fees; and (vi) payment settlement. During the Track Record Period, our Group entered into nil, 414, 560 and 342 contracts on a project basis with our customers for services under our digital media services segment, out of which nil, 149, 228 and 54 contracts span across more than one services segment. The service fees we charged under such contracts range from a few thousands Hong Kong dollars to approximately HK\$2.5 million per contract during the Track Record Period, while the duration of such contracts ranges from less than a day to over one year. Accordingly, the portion of revenue contributed by the contracts varies depending on our customers' specifications, in which the contract with the highest service fees accounted for approximately 3.3% of our digital services segment revenue during the relevant period. Depending on, among other factors, the profile of our customers and the scale of the contracts, we may require customers to pay a certain percentage of deposit of the total amount within 30 days upon signing of the contract and the balance shall be payable within 60 days upon completion of the contract. For details of our credit policy, please refer to the paragraph headed "Sales and marketing – Credit policy and payment methods" in this section below.

Recent change in policy on a third party social media platform

In January 2018, it was announced by one of the third party social media platforms where we operate our "100 Most" and "TVMost" fan pages, that there will be changes made to its newsfeed settings which will in general prioritise posts of social nature over posts that are commercial in nature. According to the social media platform, the purpose of such change is to encourage meaningful interactions between users on such platform. Our Directors are of the view that (i) as at the Latest Practicable Date, such changes in newsfeed settings were undergoing a testing stage only and it is uncertain when such changes will be officially launched in Hong Kong, and thus, there is no imminent impact on our Group's business; and (ii) such changes will not automatically reduce the number of advertisements to be posted on the platform as our customers can subscribe for boosting services by paying additional fees if they wish to maintain or increase the exposure of their commercial posts and/or newsfeeds on the platform. Our Directors are also of the view that, the changes are not implemented solely against our fan pages on such third party social media platform. It is a universal policy applicable to all the fan pages which upload commercial posts. Given that all the market players who utilise such platform are affected by the changes, and any additional boosting fees shall entirely be borne by customers, the customers, when procuring advertising services, will

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continue to assess the industry players including our Group based on their reputation and competitive strengths. Our well-established brand names in the industry will continue to provide us an edge over our competitors. For details of our Group's competitive strengths, please refer to the paragraph headed "Competitive strengths" in this section of this document.

Given our well-established brand names and our competitive strengths, our Directors are of the view that the changes in the newsfeed settings on the third party social media platform will not, both actually and potentially, bring any material impact to our Group's operation and financial position.

Representative projects undertaken

Despite our relatively short operating history, we have been involved in the formulation and implementation of several high profile projects under which we provide one-stop advertising solution to our customers which involves slogan design, scripts writing, design and production of advertisements and placement of advertisement on the Digital Media Platforms. The examples of representative projects undertaken by us are set forth below:

Customers	Project undertaken	Duration of the project(s)
A multinational travel agency	Project A	From 1 January 2017 to 31 December 2017
A multinational food and beverage manufacturer	Project B	First project: from 1 April 2016 to 31 May 2016 Second project: from 1 April 2017 to 31 March 2018
A multinational banking and financial services corporation	Project C	First project: from 29 March 2017 to 4 April 2017 Second project: from 8 June 2017 to 7 June 2018 Third project: from 6 November 2017 to 5 November 2018

(B) Print media services

Advertorial production and advertisement placement services

Our Directors are of the view that the main selection criteria for advertisers or advertising agencies for placing advertisements on magazines are readership and whether the groups of readers/audience are the target customers of the advertisers. On this basis, our Directors believe that our 100 Most Magazine is an attractive and competitive medium for advertising.

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Advertorial represents a different promotion channel from traditional print advertisement which is in the form and style of an editorial or journalistic article but it serves to accomplish the goals of an advertisement by promoting certain products or services.

We are responsible for creating and producing the content of the advertorial that meet with our customers' advertising needs and providing artwork and layout designs for publication in our 100 Most Magazine. Our customers are generally requested to provide the relevant information of the products and/or services to be advertised, theme and key messages for advertorial write-up to us 14 business days before the scheduled publication date. We generally provide the draft advertorials for our customers' review and confirmation at least two business days before the publication date of our magazine. The scope of our service packages for advertorial production varies depending on our customers' requirements, which starts from a basic half-page write-up to be published on a layout of our 100 Most Magazine for the selected issue(s) to our cover story package including production of cover story in our 100 Most Magazine and cover exposure. Under our current pricing policy, the cost of our service package ranges from approximately HK\$15,000 to over HK\$200,000 per package. The actual pricing also depends on the pages on which the advertorial is published, such as cover or inside cover and artwork design and production for the advertorials.

Similar to our digital media services, our 100 Most Magazine also serves as a platform to publish third party designed print advertisements. Our charges vary depending on the layout coverage and pages on which the relevant advertisement to be published in our 100 Most Magazine which can cost from approximately HK\$7,500 to HK\$9,000 per advertisement.

During the Track Record Period, advertorial production and advertising placement services under our print media services segment accounted for approximately 46.4%, 24.9%, 3.9% and 1.3% of our revenue generated from the print media services, respectively.

Publication of our magazines and book publications

With a view to expanding the readership of our creative content, our Group was also engaged in publication services during the Track Record Period. As at the Latest Practicable Date, our publications included our 100 Most Magazine and book publications. During the Track Record Period, we also published Blackpaper Magazine, the publication of which ceased on 1 January 2017 as a result of our management's decision to reallocate resources among our different services. Our 100 Most Magazine targets younger generation groups in Hong Kong and covers a hundred short articles produced by us on general entertainment in each weekly issue, whereas the books we published are based on the anticipated market popularity and contemporary topics in Hong Kong. During the Track Record Period, our Group published 30, 33, 28 and 18 new titles of books, respectively, covering areas of interests in fiction, prose, entertainment and documentary.

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The following table sets forth the pricing of our publications during the Track Record Period:

	Pricing (HK\$ per publication)
Blackpaper Magazine (publication ceased on 1 January 2017)	1.0
100 Most Magazine	10.0
Book publications	60.0 to 300.0

Distribution of our magazines

During the Track Record Period, our Group appointed the Magazine Distributor, an Independent Third Party with whom we commenced business relationship since 2013, as our sole distributor of our Blackpaper Magazine and 100 Most Magazine. Before cessation of our Blackpaper Magazine, such publication was distributed in convenience stores in Hong Kong, whereas our 100 Most Magazines are distributed for sales in convenience stores, bookstore chains and newsstands in Hong Kong and Macau. As at each of 31 March 2015, 2016 and 2017, 30 November 2017 and the Latest Practicable Date, our 100 Most Magazine was distributed to more than 1,800 retail points. After taking into consideration of the competitive edges of the Magazine Distributor including its comparatively large corporate size in terms of delivery teams and distribution network, distribution efficiency, the terms offered and cost effectiveness leveraging on their established distribution network, our Directors are of the view that the appointment of the Magazine Distributor is for the best interests of our Group. As at the Latest Practicable Date, our Group had no intention to appoint other distributors for the distribution of our 100 Most Magazine.

Based on the current distribution agreement entered into between our Group and the Magazine Distributor, the Magazine Distributor agreed to act as distributor of our 100 Most Magazine in the specified convenience stores, bookstore chains and newsstands in Hong Kong and Macau. Our Directors consider our relationship with the Magazine Distributor to be a seller/buyer relationship. Under the distribution agreement, a deductible security deposit of certain pre-agreed percentage is payable by the Magazine Distributor to our Group prior to each issue of our 100 Most Magazine. The Magazine Distributor will provide a consolidated monthly report indicating the sales of our magazines for our Group's review and record and the outstanding payment will be settled by our Magazine Distributor within seven days after confirmation of the actual sales of the magazines. The distribution agreement does not provide any sales target. It was entered into in 2013 and does not contain a fixed term. The agreement is subject to annual review by both parties. Under normal circumstances, either party may terminate the distribution agreement by serving 30-day prior written notice on another party.

Our Magazine Distributor collects the magazines from the printer prior to circulation. The Magazine Distributor may return any unsold 100 Most Magazines to our Group, and additional transportation fee on delivery and returning of unsold magazines is chargeable by the Magazine Distributor. Upon our consent, the Magazine Distributor will deliver the unsold magazines to independent paper-recycling manufacturers for disposal and the proceeds would be returned to our Group.

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Although our Directors are of the view that the Magazine Distributor is comparatively efficient and any termination of cooperation with the Magazine Distributor may adversely affect the distribution of our 100 Most Magazine and the print media business of our Group, our Group is able to appoint alternative distributors in the market for distribution of our 100 Most Magazine.

Distribution of book publications

As at the Latest Practicable Date, our Group appointed the Book Distributor, an Independent Third Party with whom we commenced business relationship since 2013, as our sole distributor of the books published by our Group in Hong Kong and Macau during the Track Record Period. The Book Distributor is engaged by our Group after taking into account the terms offered and cost effectiveness leveraging on its distribution network throughout Hong Kong and Macau.

During the Track Record Period, we entered into distribution agreements with the Book Distributor for distribution of over 100 book publications. As at each of 31 March 2015, 2016 and 2017 and 30 November 2017 and the Latest Practicable Date, our book publications were distributed to more than 100 retail points, which include both stand-alone bookstores and bookstore chains. Save for the discounts granted to the Book Distributor, such distribution agreements generally contain the same material terms and conditions. In June 2016, to better govern our contractual relationship with the Book Distributor, we entered into a long term master distribution agreement with the Book Distributor. The salient terms of the agreement are set out below:

Contract term/ contract renewal	:	One year. The contract term can be automatically renewed for an additional term of one year
Services	:	The Book Distributor is responsible for distributing our book publications to bookstore chains in Hong Kong and Macau and certain online bookstores
Pricing	:	Our book publications are sold to the Book Distributor at pre-agreed discounts to the respective book retail price which is fixed by our Group
Exclusivity	:	The Book Distributor is the exclusive distributor of our book publications during the contractual term
Termination	:	Upon serving one month's written notice to the other party

Upon our consent, the unsold books will be delivered to independent paper-recycling manufacturers for disposal and the proceeds collected will be returned to our Group. The existing master distribution agreements had been automatically renewed and shall expire in May 2018. As at the Latest Practicable Date, our Group had commenced negotiation with the Book Distributor on renewal of the distribution agreement. Our Directors consider our relationship with the Book Distributor to be a seller/buyer relationship.

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During the Track Record Period, our sales of magazines and book publications to the Magazine Distributor and the Book Distributor in aggregate accounted for approximately 45.5%, 11.8%, 3.5% and 3.4% of our revenue respectively. When the magazines and book publications are delivered to the Magazine Distributor and the Book Distributor, our Group recognised revenue net of trade discounts and sales return. The average time lag between the date of revenue recognition and the date of the actual return of the expired magazines was around one month. On the date of delivery, our Group recognised revenue from sales of our publications, net of trade discounts and our best estimation of sales return. After the month end, when the actual sales return was confirmed with distributors, we adjusted the difference between the actual and estimated sales return to our revenue in the month when the sales were made and revenue was recognised. Such adjustment of actual sales return to recognised revenue is to reflect the actual net sales made to distributors in the relevant month. Therefore, revenue from sales of our publications reported in each of the Track Record Period was the actual sales amount net of any trade discounts to and actual sales return from distributors. All the actual sales return has been accounted for in the same financial year when our Group's revenue from sales of our publications was recognised. Our Directors confirmed that it is the industry practice to recognise revenue net of trade discounts and estimated sales return on the "date of delivery" and subsequently adjusted the relevant revenue with the actual sales return in the relevant period.

The rate of sales return (which was calculated by dividing the total carrying values of unsold publications by the total gross sales (i.e. total sales net of trade discounts but before sales returns) of publications in the relevant financial period) was approximately 20.2%, 35.3%, 58.6% and 48.5% of the gross sales of the magazines and book publications during the Track Record Period, respectively. Such rate of return reflects the actual return of the expired magazines and our management's best estimation on rate of return of the book publications primarily with reference to the unsold books stored in the Book Distributor's warehouse. Our Directors are of the view that, the increase in the rate of sales return during the Track Record Period was principally caused by the downturn performance of the print media industry as a whole in Hong Kong as a result of the digitalisation trend.

Once the distributors acknowledge receipts of magazines and book publications, they bear the risks of any damage or loss of the publications. Besides, the distributors have discretion on selection of and sales arrangement with their respective customers and full autonomy to negotiate the price with their customers upon delivery. Our Group no longer retains continuing managerial involvement or control over the magazines and book publications, except for the books that were expected to be returned by the Book Distributor and were still kept at the Book Distributor's warehouse while we can identify other distribution and sales channels to dispose these inventories. In addition, the distributors are responsible for the credit arrangement with their respective customers and are required to pay our Group regardless of whether they receive settlement from their customers. Accordingly, the risk and reward of ownership of our magazines and book publications are transferred to the distributors on the date of delivery.

BUSINESS

Our Group monitors the distribution of our magazines and books by visiting bookstores, convenience stores and newsstands to understand the current circulation and carry out stocktaking at the distributors' warehouse periodically. A report is issued regularly to our management for notifying the inventory level of our magazines and books.

Our Directors believe that (i) it is the common industry practice to regard distributors as the ultimate buyers of books and magazines and (ii) our Group's revenue recognition policy for our sales of publications to the distributors is in line with the practice of other listed publishers in Hong Kong. None of the distributors are owned by our former employees. None of our Directors or Shareholders has any equity interest in any of our distributors. None of our distributors or their beneficial owners has any past or present relationship outside the scope of distribution arrangements, including without limitation, employment or financing relationship with our Group or our Directors or Shareholders during the Track Record Period. In addition, to the best of our Directors' knowledge and after due inquiries, none of our distributors or their beneficial owners has any family relationship with our Directors and Shareholders or trust relationship with our Group or our Directors or Shareholders during the Track Record Period. Our Directors confirmed that it is an industry norm to engage distributors for distribution of magazines and books in Hong Kong. For details on our revenue recognition policy, please refer to the section headed "Financial information – Description of selected components of our results of operations income – Revenue – (ii) Print media services segment – (b) Sales of magazines and book publications" in this document.

(C) Other media services

During the Track Record Period, our Group also generated income from conducting other business activities which are complementary to our advertising and media business, which included organisation of events and management of our contracted artistes.

Events organisation

During the Track Record Period, our Group organised two live shows, being the Awards Ceremony and the Anniversary Ceremony, which was held in the Queen Elizabeth Stadium in Hong Kong in January 2016 and in the Hong Kong Convention and Exhibition Centre in May 2016, respectively, featuring entertainment performances in Hong Kong.

We will hold the 2018 April Talk Show in the Queen Elizabeth Stadium in Hong Kong. The show, which is entertainment in nature, will feature one of our contracted artistes and will host more than 2,400 audience. As at the Latest Practicable Date, our Group had begun preparation for the show and was in negotiation with some potential customers for provision of advertising services or sponsorship opportunities relating to the show. We currently expect that the cost for organising the event will be approximately HK\$1.7 million (while we may incur higher costs for producing and delivering the advertising services or sponsorship packages in our show, subject to the result of our negotiation with the potential customers aforementioned) and all such cost will be incurred in the year ending 31 March 2019. In addition, our sales and marketing team had commenced promotion of the event through a

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number of platforms, including our "100 Most" and "TVMost" fan pages on one of the third party social media platforms and our 100 Most Magazine. The sale of the tickets for the show had begun in mid-February 2018.

In 2016, we entered into a one-off broadcasting agreement with a third party TV service operator in Hong Kong, pursuant to which we granted the operator the sole and exclusive right and licence to broadcast our Anniversary Ceremony on live on a designated free third party TV channel in Hong Kong in May 2016 to maximise penetration and promote our brand awareness.

In each of the events held, our Group was responsible for planning the flow of the events, including the sequence of different performances and overall design of the programme. To ensure the quality of the events, we engaged independent service providers to assist us with sound and lighting adjustment, stage design and visual effect display. By hosting the events, we generated revenue from (i) advertising income from brand owners or advertising agencies of brand owners for providing sponsorship package, including brand name logo credit in event promotional materials and other advertising and media services requested by our customers; (ii) on stage performance in the events; (iii) sales of tickets of the events; (iv) advertising airtime and sponsorship for granting right and licence to a third party to broadcast our Anniversary Ceremony on live on a designated free third party TV channel; and (v) others including sales of our brand products and publications to the audience. The revenue generated from our events organisation amounted to approximately HK\$3.4 million and HK\$10.5 million for the years ended 31 March 2016 and 2017, respectively.

Artistes management

Most of our contracted artistes under our management joined our Group as employees with no relevant experience in the entertainment industry prior to joining us. Through their appearances and performances in our TVMost online programmes, we have identified certain employees with acting talent to subsequently become our contracted artistes. We act as the manager of our artistes whose public images and performance opportunities within and outside our Group are all managed by us. We also provided continuous management services including image consultation, sourcing and negotiating potential performance opportunities and providing performance guidance to our contracted artistes during the Track Record Period. Apart from hosting or acting in our own online programmes available on TVMost website and mobile application, our contracted artistes also participate in the events we organised. At the requests of our customers, they may also appear in advertisements we produced for our customers, or are invited to participate in other activities organised by third party customers. Our project manager is responsible for the coordination work between our contracted artistes and our customers. When approached by customers, our project manager will be in charge of discussing the arrangements and terms of the potential performance opportunities on behalf of our contracted artistes, determining whether the relevant artistes have the capacity to take up the work and on some occasions, she may consult our executive Directors if there are concerns that the work may affect our Group's image. We also allow our contracted artistes to choose whether to take up the relevant work but such decision is subject to the final approval by our executive Directors.

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As at the Latest Practicable Date, we had 19 contracted artistes under our management and all of them had entered into artistes management contracts with our Group. According to the terms of artistes management contracts we entered into with our artistes, our Group acts as the exclusive agent for them and we are entitled to obtain an agreed percentage of the fees earned from each performance by our artistes as income. The percentage of agency commission is reviewed on an annual basis. The contracts generally have a fixed term of three or five years, and more than half of them will expire in 2020 or 2021. Pursuant to the artistes management contracts, our Group has the discretion to renew the term of such contracts for a further three years on the same terms with our artistes and conditions by making such request at least three months prior to the contract expiry date.

During the Track Record Period, our Group generated revenue amounted to nil, approximately HK\$0.4 million, HK\$0.5 million and HK\$0.2 million for managing our contracted artistes who participated in marketing activities organised by third party customers, representing nil, approximately 0.6%, 0.5% and 0.4% of our revenue during the same periods, respectively.

BUSINESS SUSTAINABILITY OF OUR GROUP

Our Directors' view on the business sustainability of our Group

- *There was no significant change to our Group's business model during the Track Record Period*

Our Group has been an advertising and media services provider since 2013 and the diversification to digital media services in the year ended 31 March 2016 (the "**Service Diversification**") only expanded our service offerings which had not changed the overall business model of our Group. After the Service Diversification, our Group remained in the same industry and market (i.e. advertising and media industry in Hong Kong), served the same group of customers (i.e. brand owners and advertising agencies), maintained the same role in our provision of services, provided similar services to customers, targeted the same group of audience, maintained the same editing style in our products and/or services, had the same revenue model and supported by the same operation teams in providing both digital media and print media services. Our Directors are of the view that our Group's business sustainability relies on mainly, among others, our creativity, popularity and readership. As such, the mere diversification of media channels has not changed our Group's business model throughout the Track Record Period.

Advertising business remained as the major revenue source of our Group during the Track Record Period. Contributed by both digital media services and print media services segments, our Group recorded advertising-related revenue (which represents our revenue derived from the provision of one-stop advertising solution package and advertorial production and placement services under the digital media services and print media services segments respectively) of approximately HK\$11.1 million, HK\$42.1 million, HK\$78.2 million and HK\$51.2 million, which represented approximately 46.4%, 76.7%, 82.1% and 92.6% of our Group's revenue during the Track Record Period, respectively. During the Track Record Period, our Group also received advertising income for providing sponsorship packages under the segment of events organisation.

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Our Group is an integrated advertising and media services provider and all the three business segments are complementary to each other. Our customers in different business segments overlap and they usually engage us for the provision of more than one type of services. For the years ended 31 March 2016 and 2017 and the eight months ended 30 November 2017, four, five and two of our five largest customers procured both print media services and digital media services from us, respectively. During the same periods, we provided cross segment service offerings in 149, 228 and 54 contracts out of the 414, 560 and 342 digital media services contracts.

- ***Print and digital media services are complementary to our Group's advertising services and generate advertising income***

Our Directors are of the view that our digital media services are advertising in nature and should not be considered as a separate new business from our print media services during the Track Record Period, and it should be interpreted as an enrichment of our advertising services business. Our Group first commenced our advertising services business through the provision of advertorial production and advertisement placement (the "**Print Advertising Services**") in our magazines. For the year ended 31 March 2015, the advertising services business had already been one of our major revenue sources, where revenue derived from our Print Advertising Services attributable to approximately 46.4% of our revenue in the same period. We have been focusing on our advertising services business, and the advertising-related revenue generated under our print media services and digital media services segments represented approximately 46.4%, 76.7%, 82.1% and 92.6% of our revenue during the Track Record Period, respectively as aforementioned.

The Service Diversification by our Group is to offer a digital form of advertising services to our customers so as to enable us to capture the enlarging marketing exposure under the trend of digitalisation. The digital media services rendered by our Group during the Track Record Period shared the same features as our Print Advertising Services in the sense that (i) both of them are advertising in nature and generate the same source of revenue (i.e. advertising income) to our Group; (ii) the type of customers involved are generally the same, being mainly the advertising agencies and brand owners; and (iii) the fundamental nature of both print media services and digital media services of our Group (i.e. formulation of advertising plans and conceptualisation of advertising ideas) are generally similar.

- ***The Service Diversification strengthens our business sustainability***

Our Directors are of the view that the Service Diversification to digital media services strengthens our business sustainability. With integrated advertisement distribution capability, our customers can choose to distribute their advertisements on various media platforms owned or managed by our Group, including (a) print media platform (i.e. 100 Most Magazine); and (b) Digital Media Platforms (i.e. fan pages of "100 Most", "TVMost" and our contracted artistes on third party social media platforms, TVMost website and mobile application). Accompanied with our well-established brand and audience base, the integrated advertising and media services equipped with the advertisement distribution capability could maximise the advertising and promotional effect for our customers and increase our exposure to a wider spectrum of audience or viewers.

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Sole Sponsor's view on the business sustainability of our Group

The Sole Sponsor is of the view that our Group's ability to sustain the business is attributable to our competitive strengths which have been built up for years since our inception:

- ***Well-established brand recognition***

Our Group first launched Blackpaper Magazine and 100 Most Magazine in January 2010 and March 2013, respectively. Such publications were widely available for sale in convenience stores, bookstores chains and newsstands in Hong Kong and Macau. As at the Latest Practicable Date, 100 Most Magazine was distributed to more than 1,800 retail points. Our print publications enable us to explore to a mass of audience and get known to the public under the name of “黑紙” and “100毛” prior to the Service Diversification. The well-established brand recognition provides our Group with a competitive advantage to develop and continuously expand digital media services business and provide confidence to customers and advertisers for our market exposure, as compared with other market players which may not be known to the public.

- ***Well-established audience base***

Apart from the traditional print media channel, our Group commenced building up a broader base of audience primarily via “100 Most” fan page on a popular third party social media platform since March 2013, and further creating “TVMost” fan page on the same social media platform and operating “TVMost (毛記電視)” website since May 2015. Through such media platforms, audience/viewers enjoy the continuously updated creative content distributed by our Group, which serve as a means for our Group to accumulate a broader base of audience and further strengthen our brand recognition in the market. Throughout years of development, our Group recorded increasing popularity under these major digital channels: (i) approximately 0.8 million “likes” on the “100 Most” fan page as at 31 March 2016 and further increased to approximately 1.1 million “likes” as at 31 March 2017 and more than 1.1 million “likes” as at the Latest Practicable Date; (ii) approximately 0.4 million “likes” on the “TVMost” fan page as at 31 March 2016 and further increased to approximately 0.6 million “likes” as at 31 March 2017, and further increased to approximately 0.7 million “likes” as at the Latest Practicable Date; and (iii) over 135 million of accumulated page views on our “TVMost” website for the year ended 31 March 2016 and accumulated over 200 million page views up to the Latest Practicable Date. The above figures demonstrated our Group's ability to reach a board base of audience which is a prominent factor to attract customers and advertisers to seek advertising services from us.

- ***Well-established customer base from a variety of industry sectors and ability to secure projects from existing customers***

As aforementioned, our Group has been offering the Print Advertising Services before the formal launch of our digital media services and has established a customer base comprising mainly the advertising agencies and brand owners. The Service Diversification is a strategy of our Group in response to the digitalisation trend in the market where customers and advertisers have increasing advertising needs towards digital media. The advertising-related revenue we derived from repeated customers, who entered into more than one contract with our Group

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during the Track Record Period (the “**Repeated Advertising Customers**”), were approximately HK\$10.1 million, HK\$36.8 million, HK\$68.4 million and HK\$48.7 million for the years ended 31 March 2015, 2016 and 2017 and the eight months ended 30 November 2017 respectively. Such amount accounted for a significant portion of our Group’s advertising-related revenue at approximately 91.0%, 87.6%, 87.5% and 95.1% respectively during the same periods. In addition, the customers are from diversified industry sectors mainly including (i) arts, entertainment and recreation; (ii) banking, insurance and financial related services; (iii) beauty, healthcare and personal care; (iv) fashion, watches, jewellery and accessories; (v) food and beverages; (vi) government and non-governmental organisations; (vii) IT and electronic products; and (viii) telecommunications. For details of the number of customers from each industry sector, please refer to the section headed “Business – Customers” in this document. The well-established customer base with a customer composition from diversified industries provides our Group with a competitive advantage to secure engagements.

The Sole Sponsor noted that the reasons of customers and advertisers choosing our Group as the advertising service provider are generally concluded to be our Group’s brand recognition, our audience base which fits the advertising/marketing strategies of the customers and advertisers, our advertisement distribution capability and our responsive operation teams. Having considered the scale and composition of our Group’s repeated customers aforementioned, it is considered that our Group is able to continuously secure engagements with them without a risk of reliance on a limited base of customers nor particular industry sector(s) where the customers are engaging in.

- *Advertisement distribution capability and contracted artistes of our Group further create values*

Other than the advertising design and production capability, our Group also possesses advertisement distribution capability and contracted artistes which help create values to customers and advertisers for advertising/marketing activities. With the advertisement distribution capability, our Group enables the customers/advertisers to choose to distribute their advertisements on different media platforms owned or managed by our Group, including the print media platform of 100 Most Magazine and the Digital Media Platforms. Contracted artistes managed by us also create value in the sense that customers/advertisers could request the designated artiste(s) of our Group whose image fits with the advertisements produced by our Group to achieve particular advertising/promotional purpose. As at the Latest Practicable Date, our Group acted as the exclusive agent of 19 contracted artistes and any engagement of such artistes for performance opportunities has to be liaised through our Group.

- *Positive future prospects of the digital advertising and media industry*

Digitalisation is a favourable market trend and opportunity in the advertising and media industry which enables our Group to further develop our business by acquiring additional market shares under prevailing market conditions. The expansion of our Group’s business from print media services to digital media services is considered as a service diversification by our Group during the Track Record Period in response to (i) the changing consumers’ preference, especially among the younger generation groups which have been the target readers of our Group’s print publications; and (ii) the shift in customers’ and/or advertisers’ needs to tap into digital channels for advertising, so as to sustain our business and to capture the latest market

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demand. According to the Ipsos Report, the revenue of online advertising industry in Hong Kong grew significantly with a CAGR of approximately 31.5% from approximately HK\$1.5 billion in 2011 to approximately HK\$5.9 billion in 2016, where more market players have started engaging in online advertising to cope with the shift in advertisers' and/or customers' preference along with the emergence of information and communication technology and social media platforms. It is also projected that the online advertising industry revenue in Hong Kong will further reach approximately HK\$8.9 billion in 2021. It is considered that the online advertising industry shows a lucrative potential to market players.

Given the competitive strengths of our Group mentioned above, the Sole Sponsor concurs that digitalisation presents a promising opportunity for our Group to further expand the digital media services which, in turn, facilitates the growth of our Group's business and sustains future business development. The vast momentum in the growth of the digital media services of our Group during the Track Record Period has demonstrated a successful business strategy adopted by our Group as evidenced by our significant growth in digital media services segment for the preceding financial year (i.e. recorded segment revenue of approximately HK\$28.4 million and HK\$74.5 million respectively for the years ended 31 March 2016 and 2017, recording a year-on-year growth of around 1.6 times). Our Group's digital media services also outperformed the industry average, where the revenue of the online advertising industry in Hong Kong grew by approximately 15.7% in 2016 as disclosed in the section headed "Industry overview" in this document.

- ***Success in adapting to the rapid evolving advertising and media market***

Our Group's diversification to digital media services and success in digital media services as demonstrated in the above paragraphs shows that our Group is adaptable to the rapidly evolving and highly competitive advertising and media market.

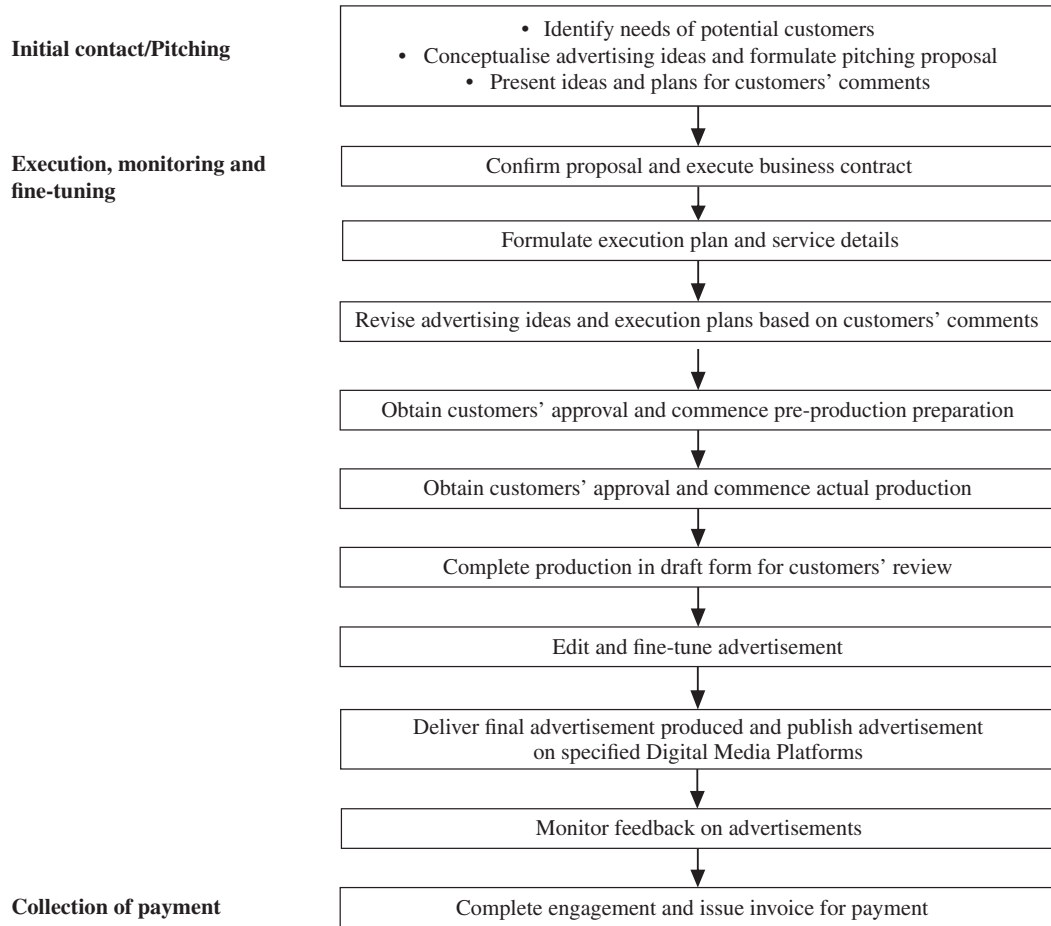
The Sole Sponsor considers the foregoing attributes of our Group, including the well-established brand recognition, audience base, customer base from various industry sectors and ability to secure projects from existing customers, the values created by our advertisement distribution capability and contracted artistes, as well as the positive future industry prospects and our Group's success in adapting to the market, enable our Group to further develop and sustain the business.

Given the bases set out above, our Directors are of the view, and the Sole Sponsor concurs, that our Group's business is sustainable.

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OUR OPERATIONAL WORKFLOW FOR INTEGRATED ADVERTISING AND MEDIA SERVICES

Our general operational workflow is summarised below:



Initial contact/pitching

Our initial contact with potential customers is generally carried out by our sales and marketing team led by our senior sales manager. The team acts as the communication channel with our potential customers to understand their needs. Our sales approach focuses on conceptualising advertising ideas suiting our customers' needs and formulating customised service package to our customers based on their advertising budgets. Upon request by our potential customers, we may further revise our pitching proposal, taking into account the characteristics and needs of the potential customers, the products or services to be advertised and their target audience.

If our potential customer approves our pitching proposal and agrees to enter into a contract with us, the responsible executive Director and our members of the senior management team will assess the resources required and form a working group comprising members of our sales and marketing, design and production and editorial and publication teams in accordance with the service details and expected timeline. The contract between our customers and us will set out the details of the advertising and media services to be provided by us.

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Execution, monitoring and fine-tuning of our advertising and media services

Once our customers have confirmed our engagement, our responsible working group will formulate details of the execution plan of the required advertising and media services. Our sales and marketing team will continue to actively communicate with our customers to understand their requirements and the products and/or services to be advertised.

Each of our responsible working groups are led by our members of the senior management team and other key employees, including creative manager, digital manager and assistant digital manager, who are responsible for formulating creative ideas. In large-scale and/or key projects, our executive Directors may participate in the process of advertising ideas conceptualisation with our working groups. The working groups will work together to execute the creative ideas into our products and/or services. We believe the effectiveness of our advertising and media services is integral to our provision of quality services and hence, our responsible working group will communicate with and report to our customers throughout and upon completion of our engagement to ensure that the draft advertisements and scripts of narratives are reviewed and fine-tuned at the request of our customers during the review process and the advertisements produced by our Group can satisfy the requests our customers. Upon confirmation from our customers, our responsible working group will conduct pre-production meetings discussing the execution of the creative ideas and details of production. In large-scale and/or key projects, our executive Directors may also supervise the pre-production preparation and conduct on-site production supervision.

We generally design the advertisements by ourselves in accordance with our customers' needs and specifications and engage third party production houses and third party photographers to assist in production of the advertisements including photo and video shooting and subsequent video editing and cutting. Our design and production team are also responsible for preparing the production props, designing artworks and layout of the advertisements. The finalised advertisements produced will be approved by our executive Director in charge of the project before they are delivered to our customers for review and the products will be fine-tuned based on our customers' requirements before the placement.

Upon customers' confirmation, we will arrange for placement of the advertisement, whether produced by our Group or third party customers, on the Digital Media Platforms. Should our customers require placement on third parties' TV channels, Internet or physical advertising spaces, they will make their own arrangements with the relevant third parties.

We normally provide online monitoring services for a certain period of time after placement of the advertisement to monitor the audience's response after publication of the advertisements, such as commentaries posted by Internet users on the Digital Media Platforms. Certain third party social media platforms also provide data analytics indicating viewers' response to the advertisements posted thereon, for instance, duration of video being viewed by audience. Based on such data analytics, we are able to provide our customers with updates on information relevant to their brands, products or services and to evaluate the overall effectiveness of the advertisements.

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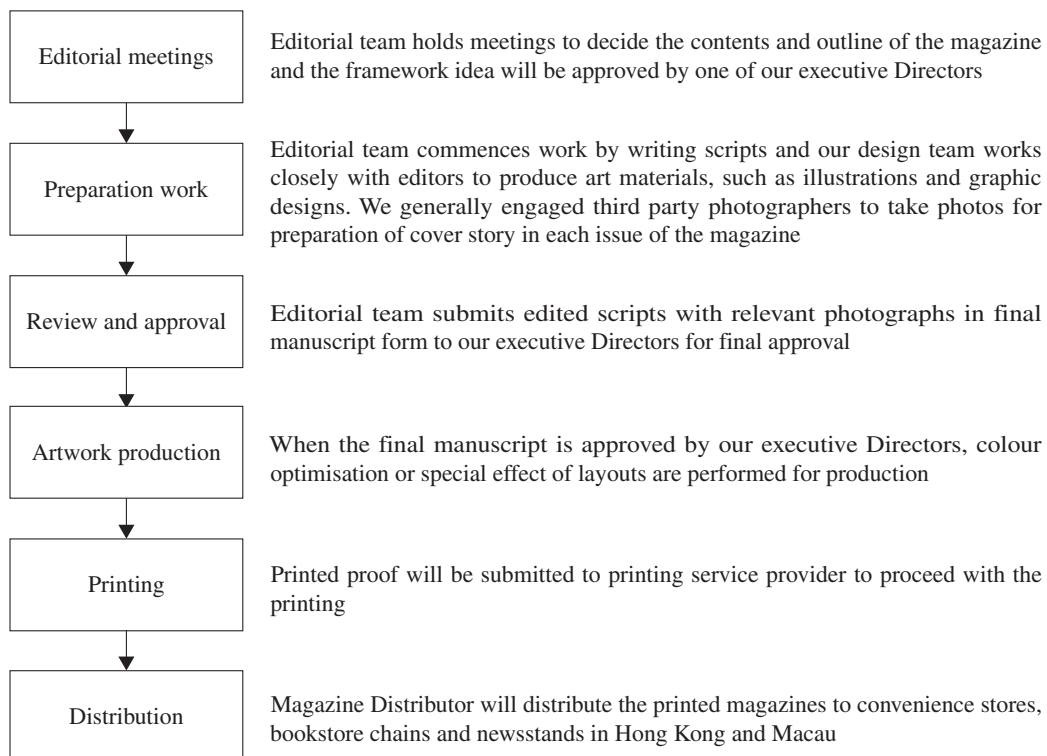
Completion of engagement and collection of payment

After our customers have confirmed the completion of our engagement, we will issue an invoice to them for payment collection. Depending on, among other factors, the profile of our customers and the scale of the contracts, we generally require a certain percentage of deposit of the total amount to be paid within 30 days upon signing of the contract and the balance shall be settled within 60 days upon completion of the engagement. Depending on the credibility of our customers, we may offer them credit terms ranging from 0 to 90 days. For details of our credit policy, please refer to the paragraph headed "Sales and marketing – Credit policy and payment methods" in this section below.

OUR OPERATIONAL WORKFLOW FOR PUBLICATION SERVICES

Our 100 Most Magazine is published by our editorial team on a weekly basis and the team is responsible for the selection of cover stories, scripts writing and editing. Our design team provides artwork and layout designs for the magazine and we generally engaged third party photographers to take photos for preparation of the cover story in each issue. For publication of books, our publication team is responsible for communicating with authors and the Book Distributor and our art design team assists in designing the cover and overall layout of the books. Both teams are under the supervision of our executive Directors.

The following chart illustrates the production process and publication of 100 Most Magazine:

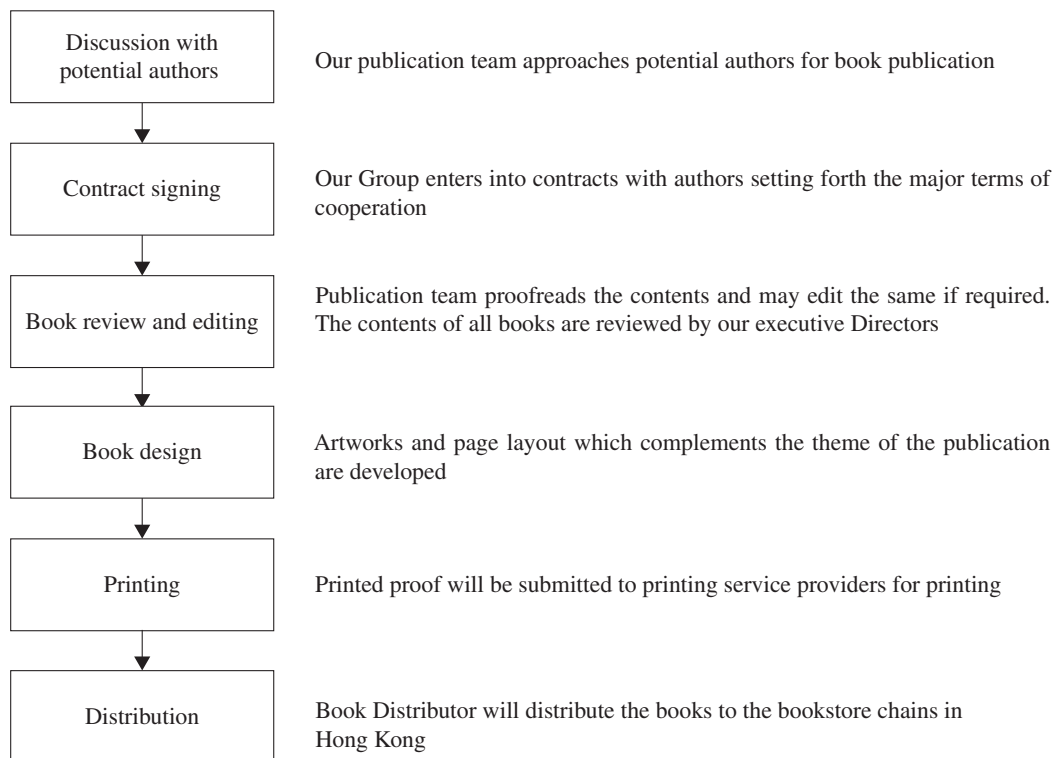


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Our editorial team members hold weekly meetings to discuss and decide the content and style of the forthcoming issue of our 100 Most Magazine. The team, led by our senior editor, commences scripts writing and our design team, led by our art director and associate art director, provides artwork and layout design. We generally engaged third party photographers to take photos for preparation of cover story in each issue of the magazine. Before publication, the final manuscript of the magazine prepared collectively by our editorial team and our design team will be approved by our executive Directors.

After the editorial content and artwork layout are approved by our executive Directors, our designers will perform customised works on colour optimisation or special effects of the artwork layout for desired results. Once the retouching and composing works are completed, the printed proof will be circulated to the printing service providers engaged by our Group to proceed with printing. As our 100 Most Magazine is issued weekly, the abovementioned work process lasts for five days. After printing, the Magazine Distributor will distribute the 100 Most Magazine to convenience stores, bookstore chains and newsstands in Hong Kong and Macau on every Thursday.

The following chart illustrates the production process for the book publications:



Our executive Directors have the ultimate decision on the books to be published. Our publication team, led by our publishing manager, will approach the identified persons to explore opportunities of book publication, and if the persons approached by us indicate their interests in collaborating with our Group, our publication team will notify our executive Directors for discussion of the terms of collaboration. As we developed our publication business during the Track Record Period and our publication team has become more

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experienced, our publishing manager plays an active role in selecting suitable authors to be approached and liaising with authors on books to be published which were originally handled by our executive Directors. During the Track Record Period, we have also been approached by third party authors for book publications. During the Track Record Period, our Group has published 30, 33, 28 and 18 titles of books, respectively. While the contract terms may vary, the terms we offered to the authors generally include: (i) the title, language, number and nature of books the author agrees to write within a specified period; (ii) the date on or before which the complete manuscripts shall be submitted; (iii) the author assigns all copyright in the books to our Group as the publisher and our Group shall pay royalties of certain percentage of the book retail price to the authors; and (iv) the contracts are generally effective for an initial term of ten years from the date that the books are first published and our Group has the sole discretion to extend the contract term for a specified period on terms and conditions determined by us.

Our publication team will discuss with our design and production team on the design of the book covers and layout of the book content to match with the theme of our book publications. Our publication team will then proofread the book content and our executive Directors will approve the book cover designed by us prior to printing. After printing, the Book Distributor will distribute the books to the bookstore chains in Hong Kong and Macau and certain online bookstores.

ROLE AND INVOLVEMENT OF OUR EXECUTIVE DIRECTORS

When Blackpaper commenced business in around 2010, similar to most start-up companies, the business operations of our Group were primarily run by our executive Directors who are also our founders and Controlling Shareholders. They were actively involved in the provision of print media services, including providing creative inputs, engaging in writing articles and other creative productions and liaising works for the publication of the Blackpaper Magazine. As we expanded our business segments and diversified into digital media services, events organisation and artistes management business, and commenced distribution of our creative content through various platforms, our Group has been expanding our operation teams to support the daily business and segments operations. The number of employees of our Group has increased significantly from 29 as at 31 March 2015 to 52, 68 and 82 as at 31 March 2016, 31 March 2017 and 30 November 2017, respectively. As at the Latest Practicable Date, we had 90 employees, among which, more than 20 staff members were engaged in works that involve creativity, including generating creative ideas and visualising such ideas through our content production in print and digital formats. With the support of our operation teams led by our senior management team and key personnel, our executive Directors have started and continued delegating the executory duties to the operation teams and they have become less involved in the creation and production process, in particular in the print media services and artistes management business. Our executive Directors' roles have thus become generally supervisory in nature which focused more on formulating business strategies and development plans of our Group, approving the creative works collectively produced by our operation teams and making key business decisions. Our executive Directors consider that the success of our Group was attributable to the collective efforts of our executive Directors and each operation

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team. Details of our executive Directors' involvement in each of our business segments are set out in the following paragraphs and details of our operation teams and key personnel are set forth in the sections headed "Business – Our operation teams and key personnel" and "Directors and senior management" in this document.

Digital media services : Participate in generating creative ideas for large-scale and/or key projects. Our executive Directors generally did not directly participate in the creation, production and/or editing of most of the digital creative content and the creation, preparation and/or distribution of advertorial content and newsfeeds during the Track Record Period

Print media services : Mainly responsible for reviewing and approving some of the magazine covers and the cover stories of our 100 Most Magazine, and supervising the publication team on the engagement of potential authors for book publication. Our executive Directors were not generally involved in the preparation and editing of content and production of artworks in our 100 Most Magazine and book publications during the Track Record Period

Other media services

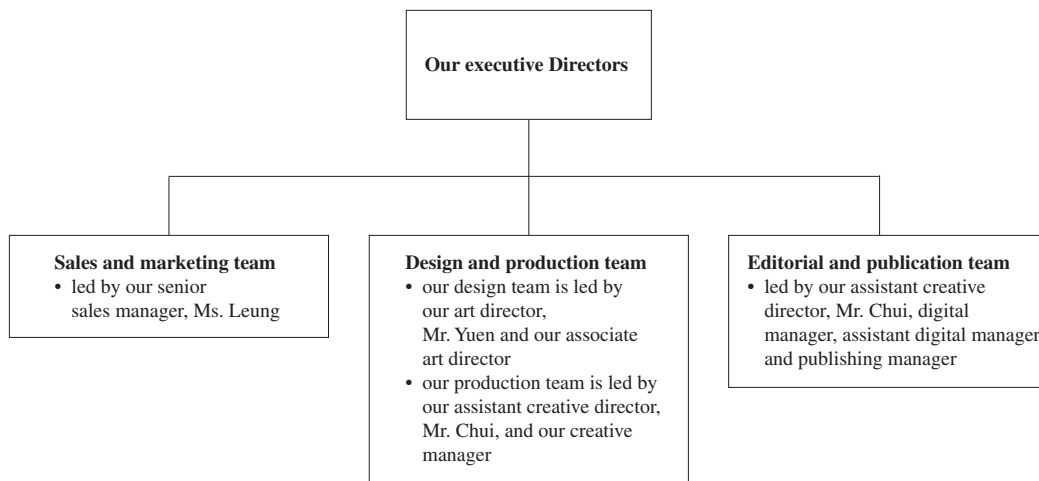
– *Events organisation* : Our executive Directors are more involved in the overall planning of events compared to other service offerings since they considered that the events would attract, and in fact had attracted, a lot of public attention and media coverage. Our operation teams are involved in the preparation of show content, promotion of the events and general execution works, for instance, preparing scripts of the programme and reserving venue for the events

– *Artistes management* : Our executive Directors generally do not directly participate in artistes management and they principally supervise our project manager who is responsible for operating such business

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OUR OPERATION TEAMS AND KEY PERSONNEL

As at the Latest Practicable Date, our daily execution work was operated by our sales and marketing team, design and production team and editorial and publication team. The operation teams are respectively led by our members of senior management team comprising Ms. Leung Hoi Yui (“**Ms. Leung**”), Mr. Yuen Kam Shing (“**Mr. Yuen**”) and Mr. Chui Cheung Lam (“**Mr. Chui**”), and other key employees, including our creative manager, digital manager, assistant digital manager and publishing manager under the overall supervision of our executive Directors. Our operation teams have different responsibilities and they work collectively amongst each other to provide the services tailored to the needs of our customers. A chart showing our Group’s management structure is set out below:



Please refer to the paragraph headed “Employees” in this section below for the number of our full-time employees by functions. Below sets out the functions of each of our operation teams:

Sales and marketing team

Our sales and marketing team is led by our senior sales manager, Ms. Leung, who is a member of our senior management team. The team is mainly responsible for sales and pitching activities, customers liaison and management for the promotion of our business. The team members also closely communicate with our customers to ensure the products and/or services provided by our design and production and editorial and publication teams are customised to satisfy their needs and requirements. For details of our sales and marketing team, please refer to the paragraph headed “Sales and marketing – Sales and marketing team” in this section below.

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Design and production team

Our design team is jointly led by our art director, Mr. Yuen, who is a member of our senior management team, and our associate art director. The team is mainly responsible for creating and producing the artworks in our creative productions across different business segments, including but not limited to, layout and artworks in advertisements, our TVMost online programmes distributed on our TVMost website and mobile application as well as layout and cover design of our 100 Most Magazine and other print publications.

Our production team is jointly led by our assistant creative director, Mr. Chui, who is a member of our senior management team, and our creative manager. The team is mainly responsible for creating and producing advertisements and/or advertorials to be distributed on the Digital Media Platforms. Our production team members meet regularly to conceptualise ideas for our creative content distributed on different channels and in large-scale and/or key projects, our executive Directors may also participate in these meetings to share their creative ideas. The team works closely and discusses with the design team on the application of appropriate artworks to visualise the creative concepts in our products and/or services.

Editorial and publication team

Our editorial and publication team is jointly led by our assistant creative director, Mr. Chui, who is a member of our senior management team, digital manager, assistant digital manager and publishing manager. The team is mainly responsible for continuously updating creative content on the Digital Media Platforms (excluding our contracted artistes' fan pages on third party social media platforms) and monitoring responses thereon, creating content for our TVMost online programmes and our 100 Most Magazine and assisting in publishing work for our print media and digital media services. Our team members constantly communicate among themselves to conceptualise ideas for our creative content and in large-scale projects and/or key projects, our executive Directors may also participate in these meetings to share their creative ideas. At the beginning of the Track Record Period, our Group was primarily engaged in print media services segment. As we diversified and expanded into digital media services during the Track Record Period, our editorial staff for print media services were also required to assist in creating editorial content on the Digital Media Platforms to cope with the increasing demand for our digital media services.

Our Directors consider that it is highly unlikely that our Group would become unable to procure the continued cooperation and support from all our executive Directors, who are also the founders of our Group and our Controlling Shareholders, at the same time and/or within a short period of time. Nonetheless, if such unlikely event occurs, our Directors are of the view that it would not bring significant long-term operational and financial impact on our Group. As further illustrated under the paragraph headed "Role and involvement of our executive Directors" in this section above, our Group has grown in size significantly since its inception with well-established operation teams and the experienced teams already have a track record of supporting the growing business operations of our Group without direct involvement of the executive Directors. Each of the operation teams, including sales and marketing team, design

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and production team, and editorial and publication team, are led by the members of our senior management team and/or key personnel and none of these functions heavily relies on any or all of our executive Directors. If any of our executive Directors becomes unable to provide the continued cooperation and support including his creative inputs to our Group, other remaining executive Directors, senior management and key personnel would still be able to work closely with the experienced team to facilitate a seamless transition.

As our Group possesses strong brand recognition in the industry and endeavours to deliver creative content featuring our own distinctive style, our Directors are of the view that using creative inputs from other providers might not best suit our business development and objectives. Nonetheless, should it become necessary or advantageous for our Group to use creative inputs from other providers, our Directors will consider any such proposal and work out the detailed arrangements of such service outsourcing to fit into the then business operation of our Group.

Based on the factors below, our Directors consider that our Group's reliance on our executive Directors is not extreme, and hence would not render our Company not suitable for [REDACTED]:

- **our operation teams have a track record of producing creative content independently and we do not heavily rely on our executive Directors to provide creative inputs:** our Group produces a large amount of creative content on a daily basis and in different forms, including slogans, videos, advertorials, newsfeeds and online programmes. Our Group has well-established operation teams and each team is led by our senior management who possesses many years of experience in the relevant industry, and some of whom even possess certain experience or knowledge which none of our executive Directors possesses such as artwork design. Our senior management and staff members of our Group have a track record of producing a large amount of creative content independently without direct supervision from our executive Directors. Our Group has also developed a work culture in which the staff members will proactively initiate creative ideas. Our Directors are of the view that our competitive strengths are attributable to the collective creativity of our staff members and their deep understanding of the followers' interests. Moreover, as our Group and our business operation have grown in size over the past few years, it has become impossible for our executive Directors, and they are no longer required, to be involved in the creation and execution processes of all or most of our Group's projects. Our executive Directors may participate in the process of advertising ideas conceptualisation with the working team in large-scale and/or key projects undertaken by our Group. As such, our Group does not heavily rely on our executive Directors to provide creative inputs in its business operation;
- **we and our sales and marketing team have well-established relationships with our customers and we do not heavily rely on our executive Directors in terms of customers' relationships:** we have well-established relationships with our customers from diverse industries and have maintained business relationships with

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most of our major customers for approximately five years. Customers' relationships are managed by our sales and marketing team which had 17 members as at the Latest Practicable Date and is led by our senior sales manager who has over ten years of experience in the sales and event planning industry. This team is mainly responsible for sales and pitching activities, customers liaison and management for the promotion of our Group's business. Our Directors believe that the well-established relationships with our customers are attributable to our integrated advertising and media business which allows our customers to select the specific advertising and media services to serve their marketing objectives and within their advertising budgets. As such, our Directors are of the view that we do not place strong reliance on our executive Directors in terms of customers' relationships; and

- **we possess well-established brand names and do not heavily rely on the popularity of our executive Directors:** our fan pages of "100 Most" and "TVMost" on popular third party social media platforms have amassed a large base of visitors and followers who enjoy our creative content on various media channels. Our Directors are of the view that the ability of those media channels to capture our social media followers' and visitors' interests is attributable to the creative content published which are widely receptive and the popularity of our artistes who appear in those advertisements and newsfeeds. As compared to our contracted artistes, each of our executive Directors generally appear less in our advertisements and newsfeeds. As such, our Directors are of the view that we do not place strong reliance on the popularity of our executive Directors in our business operation.

MAJOR QUALIFICATIONS AND LICENCES

Our Directors confirmed that our Group is not required to obtain any industry-specific qualification, licence or permit from the relevant government authorities in Hong Kong for carrying out our advertising and publication business in Hong Kong. We are subject to various laws and regulations with regard to our business operations, and are required to obtain certain licences, approvals and permits to operate our business. For details, please refer to the section headed "Regulatory overview" in this document. We are required to register our magazines and books with the relevant authorities. The table below sets forth the key licences, approvals and registration necessary for our operations:

Type of permit/use	Holding entity	Issuing Authority
Registration of each issue of 100 Most Magazine as local newspaper	Blackpaper	Office for Film, Newspaper and Article Administration

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Type of permit/use	Holding entity	Issuing Authority
Registration of each issue of 100 Most Magazine as a new book	Blackpaper	Book Registration Office of the Hong Kong Public Libraries, Leisure and Cultural Services Department
Registration of each book publication as a new book	Blackpaper	Book Registration Office of the Hong Kong Public Libraries, Leisure and Cultural Services Department

As at the Latest Practicable Date, we had obtained all licences and certificates as required by the relevant government authorities in Hong Kong for our business operations and all such licences and certificates were in full force and effect. We did not experience any material difficulties in renewing these licences and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulties in renewing such licences and certificates when they expire.

SALES AND MARKETING

Sales and marketing team

We had a sales and marketing team of 17 members as at the Latest Practicable Date, who are mainly responsible for sales and pitching activities, customers liaison and management for the promotion of our business. As the team works closely with our customers, if there is any complaint or specific demand from our customers, our sales and marketing team will communicate with the relevant customers to understand and remedy the issue. In addition to basic salaries, we motivate our sales personnel with incentive commission. A sales target which is reviewed regularly is set from the management team to each of the members of the sales and marketing team. Our sales personnel could receive a sales commission with a higher percentage of net revenue billed if he/she achieved sales above the sales target. For the years ended 31 March 2015, 2016 and 2017 and the eight months ended 30 November 2017, commissions paid to our sales and marketing team represented nil, approximately 51.9%, 53.5% and 45.1% of our selling and distribution expenses, respectively.

During the Track Record Period, at the request of an independent customer which was also one of our major customers, we entered into an incentive arrangement with such customer. The incentive arrangement was initiated by the customer who considered such arrangement a common industry practice in the advertising and media market. Pursuant to the incentive agreements entered into between the customer and us, the customer was entitled to a pre-agreed percentage of advertising income as incentive. Such incentive represents the amount that allows the customer to net off against the gross amount of its payments to us, which are based on progressive incentive percentage on each level of range of advertising income generated from the customer, and is incurred by us when the customer agreed on the relevant incentive

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amount. The term of the contracts is generally of one year. During the years ended 31 March 2015 and 2016 and the eight months ended 30 November 2017, we did not incur any incentive fee. We incurred incentive fee in the year ended 31 March 2017, which was settled by the customer by way of credit note and was subsequently netted off against our gross revenue in the same period. Accordingly as a percentage of our revenue, such incentive fee accounted for approximately 0.5% in the year ended 31 March 2017. Our Directors are of the view that it is a common industry practice to enter into an incentive arrangement with customers.

We keep our existing and potential customers informed of our recent developments by updating our TVMost website, mobile application, 100 Most Magazine and distributing materials in relation to our background and project portfolio.

Our Directors confirmed that, during the Track Record Period, our Group did not experience any material complaint from our customers which had materially and adversely affected our business nor did our Group make any material compensation to our customers as a result of any complaint from our customers.

Pricing policy

Our service fees are generally charged at a fixed amount determined on a case-by-case basis and are set forth in the contracts between us and our customers. In formulating our service fees for an engagement, we take into consideration factors including (i) the advertising budgets of our customers; (ii) the costs for carrying out the project with reference to the estimated time to be spent and the scale of the project, such as the number of employees to be involved in the project and customers' requirements; (iii) the prevailing market prices for similar services offered in the market; (iv) the size, reputation and industry of the customers and/or advertisers involved; and (v) the potential future business opportunities with the customers and/or advertisers.

Specific factors may also be taken into account in setting our service fees for each category of our integrated advertising and media services. For instance, fees for providing our one-stop advertising solution package are determined on a case-by-case basis with emphasis on the type of advertisement, customers' specifications and the estimated service hours required to be spent on the project.

Credit policy and payment methods

Our Group adopts prudent credit control procedures and we regularly monitor subsequent settlement of our receivables.

For new advertising customers, we generally require them to pay a 50% deposit upon signing of the contract. For engagement with contract sum exceeding a certain amount, we also generally require our customers to pay a 50% deposit upon signing of the contract.

We generally issue bills to our customers according to the payment schedules stipulated in our contracts. A credit period ranging from 0 to 90 days was generally granted to our

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customers during the Track Record Period. We closely monitor the settlement status of our trade receivables and regularly review the credit terms. In particular, our sales and marketing team keeps track of the project status and accelerates project execution when necessary so as to encourage the customers' timely settlement of our fees.

During the Track Record Period, we had recorded long overdue trade receivables from our customers, for which our Directors consider that there is no recoverability issue after assessing the individual condition of these customers. For further details of the analysis, please refer to the section headed "Financial information – Description of certain items of consolidated balance sheets – Trade receivables" in this document. For details of our credit risk associated with customers, please refer to the section headed "Risk factors – We are exposed to credit risk under our business operations, and any material payment delays or defaults by our customers may negatively affect our business, financial position and results of operations" in this document.

Our revenue are all denominated in Hong Kong dollars and are generally settled by our customers by way of cheque and bank transfer.

CUSTOMERS

The table below sets out the revenue from our Group's five largest customers based on the ranking in respect of revenue generated by our Group during the Track Record Period:

Rank	Name of customer	Principal business and business profile	Services provided by our Group	Year of commencement of business relationship with our Group	Revenue HK\$'000 (approximately)	Percentage of our Group's revenue % (approximately)
<i>For the year ended 31 March 2015</i>						
1	Magazine Distributor	A distributor which is principally engaged in the distribution of various publications in Hong Kong	Sales of our publications	2013	6,401	26.7
2	Book Distributor	A distributor which is principally engaged in the distribution of various publications in Hong Kong. Its holding company is a listed company on the Main Board of the Stock Exchange	Sales of our publications	2013	4,502	18.8
3	Customer A	A group of advertising agencies principally providing, among others, media agency services to brand owners and with business operation in Hong Kong. Its ultimate holding company is a listed company on the London Stock Exchange and NASDAQ Exchange in New York	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	2,509	10.5

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Rank	Name of customer	Principal business and business profile	Services provided by our Group	Year of commencement of business relationship with our Group	Revenue HK\$'000 (approximately)	Percentage of our Group's revenue % (approximately)
4	Customer B	A group of advertising agencies with headquarters in New York. Its common stock is listed and traded on the New York Stock Exchange. It has business operation all around the world and provides, among others, media agency services to brand owners with more than 78,000 employees and recorded a revenue of approximately US\$15.6 billion for the year ended 31 December 2016	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	1,387	5.8
5	Customer C	A group of advertising agencies with headquarter in Japan and its shares listed on the Tokyo Stock Exchange. It has business operation all around the world and provides, among others, advertising agency services with more than 47,000 employees and recorded a revenue of approximately 706.6 billion Japanese Yen for the year ended 31 December 2016	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	961	4.0
					15,760	65.8

For the year ended 31 March 2016

1	Customer A	Please refer to the descriptions above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	6,618	12.1
2	Customer D	A group of advertising agencies with headquarter in Amsterdam and business operation all around the world except for France and the United States. It provides, among others, media agency services to brand owners. Its holding company is a listed company on the NYSE Euronext Paris market with revenue of approximately 9.7 billion Euros for the year ended 31 December 2016	Provision of digital media services, print media services (advertising related services) and other media services	2013	6,258	11.4
3	Customer B	Please refer to the descriptions above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	4,792	8.7

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Rank	Name of customer	Principal business and business profile	Services provided by our Group	Year of commencement of business relationship with our Group	Revenue HK\$'000 (approximately)	Percentage of our Group's revenue % (approximately)
4	Customer C	Please refer to the descriptions above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	3,789	6.9
5	Book Distributor	Please refer to the descriptions above	Sales of our publications	2013	3,332	6.1
					24,789	45.2
<i>For the year ended 31 March 2017</i>						
1	Customer D	Please refer to the descriptions above	Provision of digital media services, print media services (advertising related services) and other media services	2013	18,636	19.6
2	Customer A	Please refer to the descriptions above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	6,039	6.3
3	Customer B	Please refer to the descriptions above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	5,611	5.9
4	Customer E	Banking and finance institution	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2014	3,730	3.9
5	Customer F	Telecommunications company with business operation in Hong Kong and Macau with more than 2,300 employees and recorded revenue of approximately HK\$12.0 billion for the year ended 31 December 2016. Its ultimate holding company is a listed company on the Main Board of the Stock Exchange	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2016	2,097	2.2
					36,113	37.9

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Rank	Name of customer	Principal business and business profile	Services provided by our Group	Year of commencement of business relationship with our Group	Revenue <i>HKS'000</i> <i>(approximately)</i>	Percentage of our Group's revenue <i>%</i> <i>(approximately)</i>
<i>For the eight months ended 30 November 2017</i>						
1	Customer E	Please refer to the description above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2014	8,122	14.7
2	Customer D	Please refer to the description above	Provision of digital media services, and other media services	2013	5,665	10.2
3	Customer B	Please refer to the description above	Provision of digital media services, and other media services (artistes management)	2013	4,257	7.7
4	Customer A	Please refer to the description above	Provision of digital media services, print media services (advertising related services) and other media services (artistes management)	2013	2,480	4.5
5	Customer G	The Hong Kong branch of one of the largest food companies headquartered in the United States. It exports food products to over 200 countries.	Provision of digital media services, and other media services (artistes management)	2017	2,176	3.9
					<u>22,700</u>	<u>41.0</u>

During the Track Record Period, we were not dependent on any single customer. For the years ended 31 March 2015, 2016 and 2017 and the eight months ended 30 November 2017, revenue derived from our five largest customers accounted for approximately 65.8%, 45.2%, 37.9% and 41.0% of our revenue, respectively. None of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company) had any interest in any of our five largest customers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties, nor had we experienced any material disputes with our customers causing material disruption to our business.

During the Track Record Period, our customers mainly comprised local and multinational brand owners in a variety of industries, advertising agencies of brand owners, the Magazine Distributor and the Book Distributor. Due to the customary nature in the advertising and media industry, some well-established brand owners have their exclusive or designated advertising agencies to engage us for integrated advertising and media services.

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A breakdown of the number of our customers to whom we have provided digital media services and/or advertorial production and advertisement placement services by industry sector during the Track Record Period is set forth in the table below:

	For the year ended			For the eight	
	31 March			months ended	
	2015	2016	2017	2016	2017
<i>Advertising agencies⁽¹⁾</i>	<u>26</u>	<u>46</u>	<u>59</u>	<u>51</u>	<u>33</u>
<i>Brand owners and other</i>					
<i>customers by industry sector</i>					
– Arts, entertainment and recreation	23	48	53	31	12
– Banking, insurance and financial related services	4	5	7	6	10
– Beauty, healthcare and personal care	18	39	43	27	20
– Fashion, watches, jewellery and accessories	14	13	11	8	8
– Food and beverages	10	35	22	13	12
– Government and non-governmental organisations	11	20	20	17	8
– IT and electronic products	13	17	11	10	1
– Telecommunications	4	3	8	4	1
– Others ⁽²⁾	<u>30</u>	<u>53</u>	<u>44</u>	<u>40</u>	<u>23</u>
	<u>127</u>	<u>233</u>	<u>219</u>	<u>156</u>	<u>95</u>
Total	<u>153</u>	<u>279</u>	<u>278</u>	<u>207</u>	<u>128</u>

Notes:

- Advertising agencies engaged us and procured our products and/or services for their customers from various industries mainly including (i) arts, entertainment and recreation; (ii) banking, insurance and financial related services; (iii) beauty, healthcare and personal care; (iv) fashion, watches, jewellery and accessories; (v) food and beverages; (vi) government and non-governmental organisations; (vii) IT and electronic products; and (viii) telecommunications.
- Others represent industry sectors mainly including: (i) motor vehicles, automotive parts, accessories and fuel; (ii) education and recruitment; (iii) home furnishings and household items; (iv) shopping mall and department store; (v) travel and tourism; (vi) theme park; (vii) airlines services; and (viii) logistics services.

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The principal terms for the provision of our integrated advertising and media services include, among other things, scope of services, such as form and number of advertisement to be designed and produced, distribution channels of the advertisement, payment and termination clauses. The salient terms of our standard terms and conditions are as follows:

Contractual term	:	One-off engagement or a fixed term
Services provided	:	Production of advertising content to be put on our print and/or digital media platform(s) and/or provision of artistes under our Group for advertising services
Terms of payment	:	Within 0 to 90 days after the invoice date
Price	:	Depends on the services subscribed for. Details of which please refer to section headed "Business – Sales and marketing – Pricing policy" in this document

Our contractual periods may range from around two weeks to one year, depending on the type of advertising services, the complexity of the advertisements to be produced and instructions from our customers. In general, no party may unilaterally terminate the engagement. For details of our credit policy and payment methods, please refer to the paragraph headed "Sales and marketing – Credit policy and payment methods" in this section.

During the Track Record Period, the agreements we entered into with our distributors, which were also our customers, were long term agreements. For details of the salient terms of such agreements, please refer to the paragraph headed "Business – Integrated advertising and media services – (B) Print media services – Publication of our magazines and book publications" in this section.

SUPPLIERS

During the Track Record Period, suppliers of our integrated advertising and media business were primarily artistes, a social media platform, third party production houses and photographers, whereas suppliers of our print media services mainly comprised printers, photographers and bookwriters in Hong Kong. We generally select our suppliers based on factors such as, the quality of the services provided by the service providers and their proven track record, our relationship with the service providers, the needs and requirements of our customers on our services or our needs on the publications and efficiency achieved by the service providers in providing services to us.

During the Track Record Period, we did not experience any material shortage or delay of supply due to defaults of our suppliers. Our Directors have confirmed that none of our suppliers was our major customers during the Track Record Period.

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For the years ended 31 March 2015, 2016 and 2017 and the eight months ended 30 November 2017, our cost of sales amounted to approximately HK\$8.8 million, HK\$18.5 million, HK\$37.0 million and HK\$27.3 million, respectively; and cost of sales related to the five largest suppliers accounted for approximately 51.6%, 26.2%, 25.2% and 25.0% of our total cost of sales, respectively, while the largest supplier in the corresponding period accounted for approximately 33.9%, 14.5%, 11.0% and 8.8% of our total cost of sales during the Track Record Period respectively. During the Track Record Period, we primarily settle fees for our major suppliers by way of cheque. We have business relationships with our five largest suppliers for around one to five years.

None of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company) had any interest in any of our five largest suppliers during the Track Record Period.

Long term agreements

Our Directors confirmed that the terms and conditions set out in our agreements with our different types of suppliers vary, and the duration of such agreements may be long term or on a project basis, depending on the nature of our business segments.

During the Track Record Period and up to the Latest Practicable Date, we entered into contracts with printing houses for the provision of printing services for our magazines which were legally binding. Set forth below are the details of the major terms of the contracts we have entered into with such suppliers:

Contractual term	:	One year
Specifications	:	Materials used for cover and inner pages, printing sizes and finishing
Terms of payment	:	Within 30 days after the invoice date
Price and quantity	:	The price varies depending on the number of pages to be printed (the more pages are involved, the lower the unit price)

In addition to the above agreement with the printing house, our Group had also entered into a contract with an independent customer which engages in the retail of lingerie for the provision of management service of the customer's fan page on a third party social media platform. Salient terms of the contract are set forth below:

Contract term	:	One year
Services provided	:	(i) Posting of newsfeeds and advertorial contents regularly on the customer's fan page on a third party social media platform; (ii) monitoring response from the viewers; and (iii) re-posting the selected newsfeeds and advertorial contents on our Group's fan pages of "100 Most" and "TVMost" on the third party social media platform
Terms of payment	:	Twelve instalments to be paid on the first day of each calendar month

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INFORMATION TECHNOLOGY

Our operations require the use of various IT systems, including but not limited to the following key systems:

- sales system – our operation, from the acceptance of customers' engagements to issuance of invoice and payment settlement, are maintained and monitored through the system, facilitating the analysis of our operational data; and
- inventory system – the system allows us to monitor our inventory level as reconciliation against our operational data and analysis of our inventory turnover.

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

QUALITY CONTROL

In line with the nature of advertising and media industry, day-to-day service monitoring and evaluations are carried out real-time throughout our engagements by our service teams which includes review of strategies, creative content, overall design of the advertisements and constant communications with customers. To optimise the marketing performance of our advertising and media services, we constantly collect feedbacks from target audience, monitor public responses for evaluation and fine-tuning purposes. Our sales and marketing, design and production and editorial and publication teams are responsible for the day-to-day monitoring of work quality and progress of our Group and our suppliers, ensuring effective communications with our customers and our suppliers so that our engagements are executed according to the specifications of our customers.

Subcontracting

During the Track Record Period, we have subcontracted photo and video shooting and post-production editing to third party production houses and photographers for our digital and print media services. To ensure our subcontractors fulfil our required standard of work, we select the subcontractors with reference to their experience and job portfolios.

As we started to obtain more video production projects after the official launch of our "TVMost" website in May 2015, we have commenced our business relationships with the majority of our subcontractors since the second half of 2015. Since our subcontractors are specialised in photo and video shooting and editing and have a proven track record of delivering high quality services meeting the required standard of our Group, our Directors believe that the subcontracting arrangement enables us to focus on the creativity part of the production in an effective manner. During the Track Record Period, we mainly engaged third party photographers for photo shooting with respect to our print media services, and digital media services when necessary, and we were able to find alternative photographer for replacement if needed. For video production, we maintained a list of more than five production

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houses to select from. Our Directors believe that maintaining a number of subcontractors will minimise the risk of business disruption due to unavailability of any of our subcontractors. During the Track Record Period, the costs of sales we paid to our subcontractors amounted to approximately HK\$0.1 million, HK\$0.7 million, HK\$3.5 million and HK\$2.9 million, respectively.

ENVIRONMENTAL MATTERS

Because of our business nature, no pollutant is produced, emitted or discharged during the course of provision of our print, digital and other media services. As such, we are not subject to any specific rules and regulations in relation to the environmental protection matters. We have taken measures to facilitate the environmental-friendliness of our workplace by encouraging a recycling culture within our Group.

INTELLECTUAL PROPERTY

We have branded our business by using “100毛” and “毛記電視” as our brand names. As at the Latest Practicable Date, we were the registered owner of the trademarks “100毛”, “毛記電視”, “黑紙”, “白卷出版社”, “毛”, “總經理人有限公司” and “FR” in Hong Kong.

Subject to agreement between our Group and our customers, we generally own the copyright of the advertisements we designed and produced for our customers. If our customer wishes to distribute the advertisements on media platforms other than the Digital Media Platforms, such as third parties’ TV channels, Internet or physical advertising spaces, our customers are required to pay us additional royalties and our customers will make their own arrangements with the relevant third parties for such distribution. Our customers may also purchase the advertisement from us by making a lump sum payment so that they become the owner of the advertisement and their use of the advertisement will not be restricted.

Details of our registered intellectual property rights are set out in the paragraph headed “B. Further information about our business – 2. Intellectual property rights of our Group” in Appendix IV to this document. During the Track Record Period and up to the Latest Practicable Date, there were no material disputes or infringements in connection with our intellectual property rights pending or threatened against our Group which could have a material adverse effect on our operations or financial performance.

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EMPLOYEES

As at 31 March 2015, 2016 and 2017, 30 November 2017 and the Latest Practicable Date, we had 29, 52, 68, 82 and 90 full-time employees and nil, four, five, five and five employees working on freelance basis, respectively. All our employees are based in Hong Kong. The following table sets out a breakdown of our full-time employees by functions as at the Latest Practicable Date:

Functions	Number of employees
Management	3
Sales and marketing	17
Design and production	42
Editorial and publication	28
Total	90

To accommodate the formal diversification of our services to the Digital Media Platforms since the year ended 31 March 2016, we have recruited additional employees who have the expertise in digital media services. In addition, our members of the senior management team and key personnel, including but not limited to, our art managers and creative manager had also concurrently put their effort on our digital media services business in light of the expansion and lead their respective teams in providing our services across each of our business segments.

We generally recruit our employees from the open market and enter into employment contracts with our employees. We offer attractive remuneration packages to our employees. In addition to salaries, our employees who are retained after the probation period are entitled to bonuses and medical insurance coverage. We regularly review the performance of our employees and make reference to such performance reviews in our discretionary bonus and salary review in order to attract and retain talented employees.

We maintain good working relationship with our employees. There had not been any labour strike or material labour disputes faced by our Group during the Track Record Period and up to the Latest Practicable Date. In order to promote overall efficiency, employee loyalty and retention, we provide our employees with technical and operational on-job training and promotion prospects.

We incurred total staff costs of approximately HK\$4.6 million, HK\$13.3 million, HK\$21.1 million and HK\$14.7 million for the years ended 31 March 2015, 2016 and 2017 and the eight months ended 30 November 2017, respectively.

BUSINESS

INSURANCE

We maintain employees' compensation insurance in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs liable by our Group for personal injuries of our employees in Hong Kong in the course of employment with us. We have also taken out and maintained an office insurance for our office premises and office equipment in Hong Kong. The office insurance policy mainly covers loss resulting from burglary, damages made to insured property and increased cost due to business interruptions. Our Directors consider that our Group's insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

AWARDS AND RECOGNITIONS

During the Track Record Period, we have received awards and recognition for the quality and popularity of our services. Some of the significant awards and recognitions we have received are set forth below:

Year awarded/ recognised	Award/recognition	Awarding body
2016	Youth's Favourite Campaign of the Best of the Best MTR Advertising Awards 2015 (Online Voting – Gold) for our Awards Ceremony	The Best of the Best MTR Advertising Awards
2016	2016 Kam Fan Awards – Social and Interactive Video – Social Video (Bronze) ^(Note 1)	The Association of Accredited Advertising Agencies of Hong Kong
2017	2017 Hong Kong Effie Awards – Banking and Financial Services/Insurance (Bronze) ^(Note 2)	The Association of Accredited Advertising Agencies of Hong Kong

Notes:

1. The award was given to the advertising agency involved in the project but the conceptualisation and shooting of the video was executed by Blackpaper.
2. The award was given to the marketing agency involved in the project but the conceptualisation and shooting of the video was executed by Blackpaper. No one received the Gold Award or the Silver Award for this category in 2017.

MARKET AND COMPETITION

The online advertising industry is a fragmented market according to the Ipsos Report. Top players in the online advertising industry in Hong Kong are multinational companies. Apart from international online advertising companies, there are a large number of small and medium sized companies in the Hong Kong market. According to Census and Statistics Department of Hong Kong, there were 1,560 advertising companies registered in Hong Kong as of 2016, which increased from the number in 2011 with a CAGR of approximately 0.9%.

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We compete primarily with entities carrying on business similar to ours in terms of brand recognition, quality of services, effectiveness of sales and marketing efforts, creativity in design and content, price, strategic relationships with customers and suppliers and retention of talented staff. With the increased time spent on the Internet in Hong Kong and proliferation of digital channels, it is expected that more consumers will get access to information or entertainment content through different mobile devices such as smartphones and tablets. On the other hand, the number of active magazine publishing companies is declining with a negative CAGR of approximately 3.7% from 2011 to 2016, while the magazine publishing market had slightly grown with a CAGR of approximately 3.1% in the same period. About 80 publishers have ceased their operation in the last five years. It is expected that the trend of declining magazine publishing companies will continue in the near future, and the industry will become more competitive. For details, please refer to the section headed "Industry overview" in this document.

Please also refer to the section headed "Risk factors – Risks relating to our industry – We are in the highly competitive media services industry and may not be able to successfully compete with our competitors which could reduce our market share and adversely affect our financial performance" in this document for further details.

SEASONALITY

Our business operation is generally not subject to seasonality changes.

PROPERTIES

As at the Latest Practicable Date, our Group did not own any real properties.

As at the Latest Practicable Date, we leased from an Independent Third Party four premises which are situated at Unit 5 of 1/F, 18/F and 22/F, respectively and Unit 3 of 21/F in Block B, Tung Chun Industrial Building, 11-13 Tai Yuen Street, Kwai Chung, New Territories, Hong Kong, with an aggregate floor area of approximately 12,187 square feet, as our studio, warehouse and/or office in Hong Kong.

Property valuation

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

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RISK MANAGEMENT AND CORPORATE GOVERNANCE

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies and adopted by us.

For details of the major risks identified by our management, please refer to the section headed "Risk factors – Risks relating to our Group" in this document.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted or will adopt, among other things, the following corporate governance and internal control measures:

- the establishment of an audit committee responsible for overseeing the financial records, internal control procedures and risk management systems of our Company;
- the appointment of Mr. Luk as our compliance officer and Mr. Lo Tai On as our company secretary to ensure the compliance of our operation with the relevant laws and regulations in Hong Kong. For their biographical details, please refer to the section headed "Directors and senior management" in this document;
- the appointment of Ever-Long Securities Company Limited as our compliance adviser upon the [REDACTED] to advise us on compliance with the Listing Rules;
- with respect to registration of our publications, our executive Directors will closely monitor the registration status of our 100 Most Magazine as local newspapers under the relevant sections of RLNO and NRDR to ensure ongoing compliance. Our Group has also assigned two designated staff to be responsible for registration of our publications who are required to report to our executive Directors regularly on the ongoing compliance and has established written policy and procedures to provide guidance for the relevant staff for ongoing compliance;
- the engagement of external legal advisers to (i) advise us on compliance with the Listing Rules and the relevant laws and regulations in Hong Kong; and (ii) provide ongoing training to our staff on latest developments of the laws and regulations relating to our business operation and industry;
- our executive Directors will continue to review our creative content prior to publication to ensure our continuous compliance with the relevant laws and regulations in Hong Kong, particularly in relation to intellectual property rights and registration of publications;
- we will continue to obtain all necessary consents, permissions and/or licenses and pay such necessary fees for the use of intellectual property rights owned by third parties prior to publication of our creative content; and
- a team comprising our executive Directors will be set up to handle feedbacks received from our customers, viewers and/or any third parties. This is to ensure that all feedbacks can be handled in a timely manner and we can continuously provide high quality services and deliver creative content to the satisfaction of our customers.

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Policies and procedures adopted by our Group in relation to intellectual property matters

Our Group has adopted the following policies and procedures to prevent infringement on third party intellectual property rights:

- continuing to obtain licence from CASH for the use of melodies and lyrics registered with CASH;
- all creative content published by us shall be reviewed by our responsible key personnel before publication and/or distribution, and the responsible key personnel should ensure that our Group had obtained the right and/or permission to use the relevant photos, songs, lyrics, etc. to be published in our content. Such key personnel include:
 - our senior editor who shall review the content under advertorial production and advertisement placement;
 - our publishing manager who shall review all of our book publications; and
 - our assistant creative director, digital manager and assistant digital manager who shall review all our content to be distributed on the Digital Media Platforms; and
- providing reference training to our staff on copyright compliance and the function and duties of our responsible personnel on such compliance matters.

LEGAL PROCEEDINGS AND COMPLIANCE

Claims settled, pending or threatened against our Group

During the Track Record Period and as at the Latest Practicable Date, save as disclosed below, no member of our Group was engaged in any material claim, litigation or arbitration and no material claim, litigation or arbitration was known to our Directors to be pending or threatened against any member of our Group.

In case certain use of third party copyrighted works by us without authorisation during the Track Record Period does not fall under the Fair Dealing Defence under the Copyright Ordinance and is subject to third party copyright infringement claims, our Directors confirmed that (i) we have obtained licence from CASH for our use of melodies and lyrics under the control of CASH during the Track Record Period and will continue to obtain licence from CASH accordingly; (ii) our creative content, which adopt third party works without authorisation, usually provide acknowledgements as to where such works are obtained, making it clear that such works are derived from third party sources; (iii) we did not and will not without authorisation use third party copyrighted works of well-known authors, photographers, artistes or other copyright owners whose works may be licensed at a high licence fee; (iv)

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during the Track Record Period, we received only one copyright infringement complaint in January 2015 from a third party who claimed to be a copyright owner regarding our use of third party copyrighted material but was not able to prove its ownership of the copyrighted material and refrained from pursuing its claim; and (v) save for the said copyright infringement complaint, to the best of our Directors' knowledge and belief, no person or entity has initiated any proceedings, served any written notice, complaint or warning or taken any action against our Group in terms of our use of third party copyrighted works during the Track Record Period. Based on the aforesaid, our Directors are of the view that, even if such use of third party copyrighted materials by us amounts to copyright infringement, it is practically unlikely that any third party claims against such use by us will materialise into court proceedings, and even if litigation ensues, based on our current financial position, the risk of such third party claims causing a material adverse effect on us is unlikely to be high.

Please refer to the sections headed "Risk factors – Risks relating to our Group – Some of our creative content published through digital and print media platforms may expose us to potential liabilities and litigations" and "Regulatory overview – Regulation of print media – Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (the "Copyright Ordinance")" in this document for further details.

Legal compliance

Our Directors confirmed that, save as disclosed below, we have complied with all applicable laws and regulations in Hong Kong in all material respects during the Track Record Period and up to the Latest Practicable Date.

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Non-compliance with the Registration of Local Newspapers Ordinance and the Newspapers Registration and Distribution Regulations

Set out below are incidents of non-compliance of Blackpaper with the Registration of Local Newspapers Ordinance (Chapter 268 of the Laws of Hong Kong) (the "RLNO") and the Newspapers Registration and Distribution Regulations (Chapter 268B of the Laws of Hong Kong) (the "NRDR"):

Relevant section of RLNO and NRDR	Particulars of the non-compliance incidents	Reason(s) for the non-compliance	Remedial action	Estimated fine/penalty
Section 7(1) of the RLNO and regulation 2 of the NRDR	Blackpaper failed to register our Blackpaper Magazine and our 100 Most Magazine as local newspapers when they were launched in January 2010 and March 2013, respectively.	The omission of registration of Blackpaper Magazine was not wilful, as it occurred because we were not aware of the relevant registration requirement under the RLNO and the NRDR. In March 2013 when 100 Most Magazine was first launched, our then editorial and publication staff mistakenly believed that (i) registration for an entity would only need to be made once and (ii) the remedial registration we made for Blackpaper Magazine in May 2011 would enable us to satisfy the relevant registration requirement for all our subsequent magazine publication(s) and hence did not apply for registration of 100 Most Magazine. Our Directors had no direct or wilful involvement in the breach.	Upon discovering the breaches, we completed the registration of Blackpaper Magazine on 5 May 2011 and 100 Most Magazine on 13 June 2017.	Under section 20(1) of the RLNO, the maximum penalty is a fine of up to HK\$5,000 and imprisonment for one year for summary conviction and a fine of up to HK\$15,000 and imprisonment for three years for conviction on indictment. As advised by our Legal Counsel, the non-compliances are very minor and immaterial. The chance of prosecution against Blackpaper for such non-compliances is very remote. Even if there is any prosecution, the maximum penalty will be a sum much lower than the maximum fine as stipulated in the RLNO.

As at the Latest Practicable Date, no notice, demand notice, penalties, charges or other legal documents were served on or made against Blackpaper or its directors in connection with the non-compliance with the RLNO and the NRDR.

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As advised by our Legal Counsel, the chance of prosecution against Blackpaper is very remote, and our Directors are of the view that the non-compliance incidents with the RLNO and the NRDR will not have a material financial or operational impact on us.

Non-compliance with the Book Registration Ordinance

Set out below are incidents of non-compliance of Blackpaper with the Book Registration Ordinance (Chapter 142 of the Laws of Hong Kong) (the "**BRO**"):

Relevant sections of BRO	Particulars of the non-compliance incidents	Reason(s) for the non-compliance	Remedial action	Estimated fine/penalty
Sections 3(1) and 3(2) of the BRO	Blackpaper failed to register Blackpaper Magazine, 100 Most Magazine and 19 ^(Note) out of all the books published by the Group and to deliver five copies of the above to the Book Registration Office within one month after they were published.	The omission was not wilful and was due to the inadvertent oversight of our editorial and publication staff who did not realise that registration and delivery of Blackpaper Magazine, 100 Most Magazine and books was necessary under the BRO. Our Directors had no direct or wilful involvement in the breach.	Upon discovering the breaches, we completed registration of Blackpaper Magazine on 21 July 2015 and 100 Most Magazine on 21 March 2013 under the BRO and five copies of all issues of Blackpaper Magazine and 100 Most Magazine were delivered to the Book Registration Office as at the Latest Practicable Date. Among the 19 books for which we failed to register within one month, 18 books were delivered to the Book Registration Office for registration on 17 May 2017, 24 July 2017 and 31 August 2017 accordingly, while the remaining one is no longer published.	Under section 3(3) of the BRO, the maximum penalty is a fine of up to HK\$2,000. As advised by our Legal Counsel, the chance of prosecution for such non-compliance incidents is not high. Even if there is any prosecution, the chance of maximum sentence being imposed is merely fines in small amount.

Note: This does not include the 15 books which were registered under the BRO, but the dates of such registration are not specified in the confirmations from the Book Registration Office.

BUSINESS

As at the Latest Practicable Date, no notice, demand notice, penalties, charges or other legal documents had been served on or made against Blackpaper or its directors in connection with the non-compliance with the BRO.

As advised by our Legal Counsel, the chance of prosecution against Blackpaper is not high, and our Directors are of the view that the non-compliance incidents with the BRO will not have a material financial or operational impact on us.

Internal control

The internal control consultant engaged by our Group has undertaken the following works to ensure our compliance with our internal control procedures related to the above non-compliant incidents: (i) conducted interviews with the relevant personnel of our Group managing and/or are involved in our publication business to understand our Group's procedures on registration of our print publications; (ii) obtained and reviewed the related documents on our Group's compliance with the RLNO, the NRDR and the BRO; and (iii) conducted tests on control measures. Upon conducting the abovementioned works, the internal control consultant identified two major deficiencies of our Group, namely, (i) there was no designated person responsible for compliance of relevant laws and regulations with respect to registration of our publications; and (ii) no written policy and procedure with respect to registration of our publications is available. As at the Latest Practicable Date, such deficiencies have been remediated by our Group by assigning two designated staff and each of them is responsible for ensuring our compliance with the relevant procedures for magazines and book publications, respectively. To ensure ongoing compliance, the appointed staff are required to report the registration matter to our executive Directors on a regular basis. In addition, written policy and procedures have also been established to provide guidance to relevant staff for ongoing compliance. The internal control consultant has carried out follow-up review with our Group and confirmed that such measures are adequate and effective to prevent recurrence of non-compliant incidents with respect to registration of our publications.