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Many Idea Cloud Holdings Limited
多想雲控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 6696)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Many Idea Cloud Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Revenue	5	498,329	353,300
Cost of revenue		(318,699)	(238,764)
Gross profit		179,630	114,536
Other revenue	6	9,254	8,505
Other gains and losses	7	(3,436)	1,409
Selling and marketing expenses		(6,778)	(9,969)
Administrative expenses		(30,493)	(16,913)
Provision for impairment loss on trade receivables and other financial assets, net	9	(24,844)	(5,758)
Finance costs	8	(10,419)	(3,787)
Listing expenses	9	(22,183)	(8,655)
Profit before income tax expense	9	90,731	79,368
Income tax expense	10	(23,031)	(14,627)
Profit for the year		67,700	64,741

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Continued

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		67,724	56,146
Non-controlling interests		(24)	8,595
		67,700	64,741
Profit for the year		67,700	64,741
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income		–	27,336
Other comprehensive income for the year		–	27,336
Total comprehensive income for the year		67,700	92,077
Total comprehensive income for the year attributable to:			
Owners of the Company		67,724	78,868
Non-controlling interests		(24)	13,209
		67,700	92,077
Earnings per share attributable to the ordinary shareholder of the Company (RMB)			
– Basic and diluted	<i>12</i>	0.102	0.088

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		1,531	1,959
Right-of-use assets		4,411	7,277
Intangible assets	<i>13</i>	106,134	87,610
Deferred tax assets		9,836	4,881
Prepayments, deposits and other receivables		13,650	250
Total non-current assets		135,562	101,977
Current assets			
Trade receivables	<i>14</i>	155,577	147,470
Prepayments, deposits and other receivables		78,794	50,021
Contract costs		41	84
Other financial assets		17,390	–
Cash and cash equivalents		329,188	50,187
Total current assets		580,990	247,762
Total assets		716,552	349,739
Current liabilities			
Trade payables	<i>15</i>	22,585	20,470
Other payables and accruals		19,594	11,157
Contract liabilities		28,179	15,493
Borrowings		32,052	–
Lease liabilities		3,159	2,907
Amount due to a director		–	2
Amounts due to related parties		–	130,293
Convertible bonds – liability component	<i>16</i>	37,187	–
Convertible bonds – conversion option derivative	<i>16</i>	–	–
Income tax payable		28,077	11,890
Total current liabilities		170,833	192,212
Net current assets		410,157	55,550
Total assets less current liabilities		545,719	157,527

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued*As at 31 December 2022*

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		<u>859</u>	<u>4,018</u>
Total non-current liabilities		<u>859</u>	<u>4,018</u>
NET ASSETS		<u>544,860</u>	<u>153,509</u>
Equity attributable to owners of the Company			
Share capital	17	72	3
Reserves		<u>543,275</u>	<u>151,969</u>
		<u>543,347</u>	<u>151,972</u>
Non-controlling interests		<u>1,513</u>	<u>1,537</u>
TOTAL EQUITY		<u>544,860</u>	<u>153,509</u>

1. GENERAL INFORMATION

(a) General information

Many Idea Cloud Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 10 June 2021, as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKEx**”) since 9 November 2022.

The registered office of the Company is located at 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. Its principal place of business is 12/F., ERKE Group Mansion, 11 Guanyin Shan Hualien Road, Siming District, Xiamen, Fujian Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and the Group, comprising the Company and its subsidiaries, is principally engaged in provision of content marketing, digital marketing, public relations event planning services, media advertising services and Software as a Service (the “**SaaS**”) interactive marketing services in the PRC.

The ultimate controlling parties of the Group are Mr. Liu Jianhui (“**Mr. Liu**”) and his spouse, Ms. Qu Shuo (“**Ms. Qu**”), who are the executive director/the chairman and the executive director of the board of directors of the Company (the “**Controlling Shareholders**”), respectively.

(b) Reorganisation

Pursuant to a group reorganisation (the “**Group Reorganisation**”) as detailed in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 28 October 2022 (the “**Prospectus**”), the Company became the holding company of the subsidiaries comprising the Group on 1 December 2021.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Adoption of new or amended HKFRSs – effective 1 January 2022

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3	Conceptual Framework for Financial Reporting

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

(b) New or amended HKFRSs that have been issued but not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

HK Interpretation 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

Further details about those HKFRSs that are not yet effective and are expected to be applicable to the Group are as follows:

HK Interpretation 5 (2022), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause and Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2022) was revised as a consequence of the Amendments to HKAS 1 revised in December 2022. The revision to HK Int 5 (2022) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have material impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the consolidated financial statements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

(b) New or amended HKFRSs that have been issued but not yet effective – Continued

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify whether the initial recognition exemption applies to certain transactions that often result in both an asset and a liability being recognised simultaneously. Such instances might include the initial recognition of leases from the perspective of a lessee or asset retirement obligations (AROs)/decommissioning liabilities.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the consolidated financial statements.

Amendments to HKAS 1, Non-current Liabilities with Covenants

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

The directors of the Company do not anticipate that the application of the amendments in the future will have material impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRS”) and the disclosure requirement of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the financial assets at fair value through other comprehensive income and conversion option portion of convertible bonds, which are measured at fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company. Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates. All values in the consolidated financial statements are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT INFORMATION

Operating segments

The Group is principally engaged in provision of content marketing services, digital marketing services, public relations event planning services, media advertising services and SaaS interactive marketing services in the PRC.

The information reported to the board of directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resource allocation and performance assessment, does not contain discrete operating segment financial information, and the CODM reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

Substantially all of the Group’s revenues from external customers during the years ended 31 December 2022 and 2021 were attributed to the PRC, and is based on the location in which the relevant Group’s activities which generated such revenues were carried out.

The geographical location of non-current assets (excluding deferred tax assets and financial assets) is based on the physical location of the assets. As at 31 December 2022 and 2021, all of the Group’s non-current assets (excluding deferred tax assets and financial assets) are located in the PRC.

Information about major customers

During the years ended 31 December 2022 and 2021, no single customer of the Group amounted to 10% or more of the Group’s total revenue.

5. REVENUE

Revenue represents the net invoiced value of services rendered and earned by the Group.

	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Integrated marketing services		
– Content marketing services	273,176	188,164
– Digital marketing services	102,007	87,950
– Public relations event planning services	17,536	25,434
– Media advertising services	58,131	41,171
	<u>450,850</u>	<u>342,719</u>
SaaS interactive marketing services	47,479	10,581
	<u>498,329</u>	<u>353,300</u>
Timing of revenue recognition		
At a point in time	39,218	10,401
Transferred over time	459,111	342,899
	<u>498,329</u>	<u>353,300</u>

The Group has applied the practical expedient to its sales contracts for content marketing services, digital marketing services, public relations event planning services, media advertising services and SaaS interactive marketing services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for content marketing services, digital marketing services, public relations event planning services, media advertising services and SaaS interactive marketing services that had an original expected duration of one year or less.

6. OTHER REVENUE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants (<i>Note i</i>)	5,014	3,092
Bank interest income	1,388	1,550
Interest income on other financial assets	70	–
Additional value added tax (“VAT”) input deduction (<i>Note ii</i>)	2,696	3,815
Gain on early termination of lease	–	29
Others	86	19
	<u>9,254</u>	<u>8,505</u>

Notes:

- (i) Government grants mainly represent grants received from the PRC local government authority as subsidies to the Group for:
- (a) enhancement of high quality development in culture and creative industries; and
 - (b) sustainable business development with high-technology and advanced technology.
- (ii) Additional VAT input deduction were recognised in profit or loss due to the VAT reform. In accordance with VAT Reformation Article No. 39, the Group is eligible for VAT credits of 10% additional VAT input deduction from 1 April 2019 to 31 December 2022 upon meeting all applicable criteria.

7. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Gain on written-back of trade payables	–	1,415
Exchange losses, net	(7,047)	–
Gain on fair value changes on convertible bond		
– conversion option derivative (<i>Note 16</i>)	3,841	–
Loss on de-recognition of convertible bonds (<i>Note 16</i>)	(230)	–
Others	–	(6)
	<u>(3,436)</u>	<u>1,409</u>

8. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses on bank borrowings	977	3,459
Interest expenses on loan from third parties	758	–
Interest expenses on loan from a shareholder	1,722	–
Imputed interest expenses on convertible bonds (<i>Note 16</i>)	6,689	–
Interest expenses on lease liabilities	273	328
	<u>10,419</u>	<u>3,787</u>

9. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before income tax expense is arrived at after charging:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Auditors' remuneration	1,442	–
Amortisation of intangible assets included in (<i>Note 13</i>):		
– Administrative expenses	32	32
– Cost of revenue	12,202	6,241
– Selling and marketing expenses	69	81
– Research and development costs	855	136
	<u>13,158</u>	<u>6,490</u>
Cost of revenue (<i>Note</i>)	318,699	238,764
Cost of inventories recognised as expenses	5,661	10,292
Depreciation charged:		
– Property, plant and equipment	661	1,033
– Right-of-use assets	2,879	2,893
Employee costs	25,266	20,459
Listing expenses	22,183	8,655
	<u>24,334</u>	<u>5,758</u>
Provision of impairment loss recognised on trade receivables, net (<i>Note 14</i>)	24,334	5,758
Provision of impairment loss recognised on other financial assets	510	–
	<u>24,844</u>	<u>5,758</u>
Research costs	11,379	4,737
Short-term leases expenses	1,967	4,140

Note:

Cost of revenue includes RMB7,066,000 (2021: RMB5,117,000) of employee costs, RMB1,881,000 (2021: RMB3,898,000) of short-term leases expenses, RMB5,661,000 (2021: RMB10,292,000) of costs of inventories recognised as expenses, which are also included in the respective total amounts disclosed above for each of these types of expenses respectively.

10. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statements of profit or loss and other comprehensive income represents:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (the “ PRC EIT ”)		
– for the year	27,950	14,802
– under-provision in prior years	36	16
Deferred tax		
– for the year	<u>(4,955)</u>	<u>(191)</u>
Income tax expense	<u>23,031</u>	<u>14,627</u>

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company incorporated in the Cayman Islands and the Company’s subsidiary incorporated in the BVI are not subject to any income tax.

Hong Kong Profits Tax for the Company’s subsidiary incorporated in Hong Kong has been provided at the rate of 16.5% on the estimated assessable profits, if any.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC EIT of the subsidiaries of the Group is calculated based on the statutory tax rate of 25%, except for the below subsidiaries, which are entitled to a preferential tax rate according to the Enterprise Income Tax Preference Policies issued by the State Administration of Taxation.

According to “Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Enterprise Income Tax Policies for Xinjiang Kashi and Huoerguosi” (“國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知”), a subsidiary of the Group located in Xinjiang, the PRC was entitled to the exemption from the EIT for 5 years since it started its operation in 2022. According to the approval from the PRC government, such exemption is ended at 31 December 2027.

According to “Announcement of Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China” (“關於延續西部大開發企業所得稅政策的公告”), a subsidiary of the Group located in Xinjiang which not subjected to the exemption from the EIT According to “Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Enterprise Income Tax Policies for Xinjiang Kashi and Huoerguosi”, was entitled to a preferential tax rate of 15% since 1 January 2021.

According to “Notice on the implementation of inclusive tax reduction and exemption policies for small and micro enterprises” (“關於實施小微企業和個體工商戶所得稅優惠政策的公告”) since 1 January 2022, for certain subsidiaries of the Group located in the PRC, if their annual taxable profits do not exceed RMB1 million, only 12.5% of such amount is taxable at 20%; while if their annual taxable profits do exceed RMB1 million but less than RMB3 million, only 25% of such amount is taxable with a tax rate of 20%. However, if their annual taxable profits do exceed RMB3 million, the whole amount will be taxable at the tax rate of 25%.

According to “Notice of Preferential Income Tax Policies for Enterprises in Hainan Free Trade Port” (“關於海南自由貿易港企業所得稅優惠政策的通知”), a subsidiary of the Group located in Hainan, the PRC was entitled to a preferential tax rate of 15%.

10. INCOME TAX EXPENSE – Continued

The income tax expense can be reconciled to the profit before income tax expense per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit before income tax expense	<u>90,731</u>	<u>79,368</u>
Tax calculated at PRC statutory tax rate of 25%	22,683	19,842
Effect of different tax rates of subsidiaries operating in other jurisdictions	9,556	–
Expenses not deductible for tax purposes	204	925
Tax incentives for research and development expenses available for subsidiaries incorporated in the PRC	(2,001)	(852)
Effect of tax concession granted to PRC subsidiaries	(8,176)	(5,381)
Effect of tax losses not recognised	729	77
Under-provision in prior years	<u>36</u>	<u>16</u>
Income tax expense	<u>23,031</u>	<u>14,627</u>

The weighted average applicable tax rate was 25.38% (2021: 18.43%).

11. DIVIDENDS

There were no dividends paid or declared by the Company in respect of the years ended 31 December 2022 and 2021.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2022	2021
Profit for the year attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share (<i>RMB'000</i>)	<u>67,724</u>	<u>56,146</u>
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	<u>663,077,747</u>	<u>637,538,159</u>
Basic and diluted earnings per share (<i>RMB</i>)	<u>0.102</u>	<u>0.088</u>

For the purpose of computing basic and diluted earnings per share, ordinary shares issued in the Group Reorganisation were assumed to have been issued and allocated on 1 January 2021.

For the purpose of calculating the weighted average number of ordinary shares, the number of shares has taken the Capitalisation Issue into account as the Capitalisation Issue was deemed to be effective since 1 January 2021 and the shares issued during the Group Reorganisation are treated as if they had been in effect and issued on 1 January 2021.

12. EARNINGS PER SHARE – Continued

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2022 was based on the below:

- (a) Weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2021 of 637,538,159 (including Capitalisation Issue of 595,244,490, 1 share issued at the date of incorporation of the Company and 42,293,668 ordinary shares issued on 16 November 2021);
- (b) 2,461,841 ordinary shares issued on 24 January 2022;
- (c) The shares of the Company were listed on the HKEx on 9 November 2022, whereby 160,000,000 new shares were issued by the Company.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2022 and 2021.

13. INTANGIBLE ASSETS

	Computer software RMB'000	Licences RMB'000	Total RMB'000
Cost			
At 1 January 2021	759	–	759
Additions			
– Externally acquired	<u>70,462</u>	<u>23,321</u>	<u>93,783</u>
At 31 December 2021 and 1 January 2022	71,221	23,321	94,542
Additions			
– Externally acquired	<u>31,682</u>	<u>–</u>	<u>31,682</u>
At 31 December 2022	<u>102,903</u>	<u>23,321</u>	<u>126,224</u>
Accumulated amortisation and impairment			
At 1 January 2021	442	–	442
Charged during the year	<u>3,769</u>	<u>2,721</u>	<u>6,490</u>
At 31 December 2021 and 1 January 2022	4,211	2,721	6,932
Charged during the year	<u>8,494</u>	<u>4,664</u>	<u>13,158</u>
At 31 December 2022	<u>12,705</u>	<u>7,385</u>	<u>20,090</u>
Net book value			
At 31 December 2022	<u>90,198</u>	<u>15,936</u>	<u>106,134</u>
At 31 December 2021	<u>67,010</u>	<u>20,600</u>	<u>87,610</u>

The Group's computer software with carrying amount of RMB90,198,000 (2021: RMB67,010,000) will be fully amortised in 9.92 years (2021: 9.75 years).

The Group's licences with carrying amount of RMB15,936,000 (2021: RMB20,600,000) will be fully amortised in 3.42 years (2021: 4.42 years).

14. TRADE RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	201,298	168,857
Less: Provision for impairment loss recognised	(45,721)	(21,387)
	<u>155,577</u>	<u>147,470</u>

The Group's trading term with customers are mainly on credit. The credit terms are generally 180 days.

An ageing analysis, based on the date of rendering services, which approximates the respective revenue recognition dates (before impairment), as of the end of the reporting period is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
1 to 6 months	123,725	109,019
More than 6 months but less than 12 months	27,702	38,991
More than 1 year but less than 2 years	37,024	15,582
More than 2 years	12,847	5,265
	<u>201,298</u>	<u>168,857</u>

Movement on the Group's provision for impairment on trade receivables are as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of the year	21,387	20,031
Provision for impairment loss on trade receivables, net (<i>Note 9</i>)	24,334	5,758
Amounts written off as uncollectible	–	(4,402)
	<u>45,721</u>	<u>21,387</u>

15. TRADE PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables (<i>Note (a)</i>)	<u>22,585</u>	<u>20,470</u>

Note:

- (a) An ageing analysis of trade payables as at the reporting date, based on the invoice dates, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within six months	16,423	19,582
More than 6 months but less than 12 months	400	14
More than 1 year but less than 2 years	5,100	198
More than 2 years	<u>662</u>	<u>676</u>
	<u>22,585</u>	<u>20,470</u>

The Group's trade payables are non-interest bearing and generally have payment terms of 30-90 days.

16. CONVERTIBLE BONDS

During the year ended 31 December 2022, the Company issued convertible bond 1 ("CB 1"), convertible bond 2 ("CB 2"), convertible bond 3 ("CB 3") and convertible bond 4 ("CB 4").

CB 1

On 26 January 2022, the Company issued 8% convertible bonds with the aggregate principal amount of US\$5,000,000 (equivalent to approximately RMB31,750,000). Each bond entitles the holder to convert them into the Company's ordinary share at a conversion price of USD4.4569 per share, which is subject to adjustment on capitalisation issue of the Company. The Company fully repaid the principal amount and interest in January 2023.

CB 1 contains two components: liability component and conversion option derivative. The effective interest rate of the liability component on initial recognition is 18.29% per annum. A valuation on the conversion option derivative of the convertible bonds has been performed by an independent qualified valuer on the CB 1 issuance date and on 31 December 2022, Black-Scholes option pricing model and Binomial Tree option pricing model is used in the valuations respectively.

CB 2

On 26 January 2022, the Company issued 8% convertible bonds with the aggregate principal amount of US\$1,000,000 (equivalent to approximately RMB6,350,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of USD4.4569 per share, which is subject to adjustment on capitalisation issue of the Company and will mature on 25 January 2023.

16. CONVERTIBLE BONDS – Continued

CB 2 contains two components: liability component and conversion option derivative. The effective interest rate of the liability component on initial recognition is 18.29% per annum. A valuation on the conversion option derivative of the convertible bonds has been performed by an independent qualified valuer on the CB 2 issuance date and on 15 November 2022, and Black-Scholes option pricing model is used in the valuation.

The CB 2 was early redeemed on 15 November 2022.

CB 3

On 24 January 2022, the Company issued 8% convertible bonds with the aggregate principal amount of US\$600,000 (equivalent to approximately RMB3,810,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of USD4.4682 per share, which is subject to adjustment on capitalisation issue of the Company and will mature on 23 January 2023.

CB 3 contains two components: liability component and conversion option derivative. The effective interest rate of the liability component on initial recognition is 17.81% per annum. A valuation on the conversion option derivative of the convertible bonds has been performed by an independent qualified valuer on the CB 3 issuance date and on 16 November 2022, and Black-Scholes option pricing model is used in the valuation.

The CB 3 was early redeemed on 16 November 2022.

CB 4

On 27 January 2022, the Company issued 8% convertible bonds with the aggregate principal amount of HK\$3,000,000 (equivalent to approximately RMB2,442,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of HK\$34.9293 per share, which is subject to adjustment on capitalisation issue of the Company and will mature on 26 January 2023.

CB 4 contains two components: liability component and conversion option derivative. The effective interest rate of the liability component on initial recognition is 18.12% per annum. A valuation on the conversion option derivative of the convertible bonds has been performed by an independent qualified valuer on the CB 4 issuance date and on 24 November 2022, and Black-Scholes option pricing model is used in the valuation.

The CB 4 was early redeemed on 24 November 2022.

CB 1, CB 2, CB 3 and CB 4 (“All CBs”)

Following the release of results of the Hong Kong Listing committee hearing regarding the Company's listing (the “**Listing**”) application (“**Pre-listing Conversion Event**”), the holders of All CBs have the right to convert the whole of the outstanding principal amount of the CBs into shares of the Company at the corresponding conversion prices within three business days upon occurrence of such Pre-listing Conversion Event.

In the event that the Pre-listing Conversion Event does not take place and Listing becoming unconditional (“**Post-Listing Conversion Event**”), together with the Pre-Listing Conversion Event, the (“**Conversion Event**”), the holders of All CBs can convert the whole of the principal amount of the CBs into shares of the Company at the corresponding conversion prices.

The Conversion Event shall only trigger the conversion if and only if it occurs on or before the maturity date of the CBs and conversion shall take place in full at one time and no partial conversion shall be taken place.

Unless previously redeemed, converted, purchased or cancelled, each CB will be redeemed on maturity date at its principal amount with accrued and unpaid interest thereon on the maturity date.

16. CONVERTIBLE BONDS – Continued

The liability component and conversion option derivative recognised in the consolidated statement of financial position were as follows:

	Liability component RMB'000	Conversion option derivative RMB'000	Total RMB'000
At 1 January 2021 and 2022	–	–	–
Convertible bonds issued	40,511	3,841	44,352
Imputed interests (<i>Note 8</i>)	6,689	–	6,689
Gain on fair value changes on convertible bond – conversion option derivative (<i>Note 7</i>)	–	(3,841)	(3,841)
De-recognition of convertible bonds on early redemption	(13,996)	–	(13,996)
Gain on de-recognition of convertible bonds (<i>Note 7</i>)	230	–	230
Interest paid	(898)	–	(898)
Exchange difference	4,651	–	4,651
	<u>37,187</u>	<u>–</u>	<u>37,187</u>
As at 31 December 2022	<u>37,187</u>	<u>–</u>	<u>37,187</u>

17. SHARE CAPITAL

	Number	Amount HKD'000	Amount RMB'000
Ordinary shares of par value of HKD0.0001 each			
Authorised			
On 10 June 2021 (date of incorporation), 31 December 2021 and 1 January 2022 (<i>Note (i)</i>)	3,900,000,000	390	337
Increase in authorised share capital (<i>Note (iv)</i>)	6,100,000,000	610	550
	<u>10,000,000,000</u>	<u>1,000</u>	<u>887</u>
As at 31 December 2022	<u>10,000,000,000</u>	<u>1,000</u>	<u>887</u>
Issued and fully paid			
On 10 June 2021 (date of incorporation) (<i>Note (i)</i>)	1	–*	–**
Issue of shares (<i>Note (ii)</i>)	42,293,668	4	3
	<u>42,293,669</u>	<u>4</u>	<u>3</u>
As at 31 December 2021 and 1 January 2022	42,293,669	4	3
Issue of shares (<i>Note (ii)</i>)	2,461,841	–*	1
Issuance of shares upon listing (<i>Note (iii)</i>)	160,000,000	16	14
Issuance shares for Capitalisation Issue (<i>Note (iii)</i>)	595,244,490	60	54
	<u>800,000,000</u>	<u>80</u>	<u>72</u>
As at 31 December 2022	<u>800,000,000</u>	<u>80</u>	<u>72</u>

* Represents amount less than HKD1,000.

** Represents amount less than RMB1,000.

17. SHARE CAPITAL – Continued

Notes:

- (i) The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 10 June 2021 with authorised share capital of HKD390,000 divided into 3,900,000,000 shares of HKD0.0001 each. On the date of incorporation, 1 ordinary share of HKD0.0001 was allotted and issued at par by the Company.
- (ii) Pursuant to the resolution of the shareholders, the Company allotted and issued 42,293,668 and 2,461,841 ordinary shares of HKD0.0001 each at par and at USD4.47 (equivalent to approximately RMB28.37), respectively on 16 November 2021 and 24 January 2022.
- (iii) In connection with the Company's issuance of new shares upon Listing, the Company allotted and issued 160,000,000 shares of HK\$0.0001 each at a price of HKD1.96 per Share on 9 November 2022 as a result of the completion of Listing. The gross proceeds from issuance of new shares of approximately RMB282,632,000 (equivalent to approximately HK\$313,600,000) of which approximately RMB14,000 (equivalent to approximately HK\$16,000) was credited to the Company's share capital, and the remaining balance of approximately RMB282,618,000 (equivalent to approximately HK\$313,584,000) before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the issuance of new shares upon listing, RMB54,000 (equivalent to approximately HK\$60,000) was capitalised from the share premium account and applied in paying up in full at par 595,244,490 new shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 9 November 2022 in proportion to their respective shareholdings ("**Capitalisation Issue**").
- (iv) On 12 October 2022, the authorised share capital of the Company was increased from HK\$390,000 divided into 3,900,000,000 shares to HK\$1,000,000 divided into 10,000,000,000 shares by the creation of additional 6,100,000,000 Shares which rank pari passu in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Industry review

In 2022, amid great changes in the global economy caused by the pandemic and an evolving marketing environment, brand marketing continued to be eye-catching. For example, Chinese brands were seen everywhere at the Winter Olympics at year-start and the World Cup at year-end, leading to rapid growth of short video and live streaming. Therefore, 2022 was the most challenging and most inspiring year in history. The marketing service market increased from RMB581.4 billion in 2016 to RMB1,230.3 billion in 2021, representing a compound annual growth rate (CAGR) of 16.2%. A constant rise in consumption has made consumers become more aware of brand identity. The marketing service market is expected to reach RMB2,334.8 billion in 2026, with a CAGR of 13.7% from 2021 to 2026.

Along with the growth of the marketing service market as a whole, the content marketing service segment has seen robust development over the past five years. Since content marketing is one of the most popular forms of advertising, the content marketing service market grew from RMB60.5 billion in 2016 to RMB216.9 billion in 2021, representing a CAGR of 29.1%. Despite the big impact of the pandemic on the event content marketing service market, supportive government policies and growing consumer demand are expected to put the market on the fast growth track.

The SaaS marketing service market increased from RMB400.0 million in 2016 to RMB3.3 billion in 2021, recording a CAGR of 52.5%. When the pandemic was raging, the SaaS marketing market accelerated its growth from 2020 to 2021. The disadvantage of working in the office has promoted the use of SaaS tools, bringing convenience to enterprises. The SaaS marketing market of China is expected to grow to RMB10.9 billion in 2026, with a CAGR of about 27.0% from 2021 to 2026.

Business review

Our services

In terms of public traffic, we primarily based on our long-standing strategic partnerships with well-known leading media platforms such as Toutiao, Douyin, Kuaishou, NetEase, Xiaohongshu and Baidu, we provide customers with one-stop online and offline integrated marketing solutions featuring media-driven creativity.

In terms of private traffic, we helped our customers to acquire end-customers at low cost and conducted promotions through private traffic with our Content Engine (i.e. SaaS interactive marketing platform) and “Technology + Operation” model, in order to improve their capabilities to acquire new end-customers and achieve sales growth. We provided a large base of customers with integrated marketing services (consisting of (i) content marketing, (ii) digital marketing, (iii) public relations event planning, and (iv) media advertising) and SaaS interactive marketing services.

For content marketing services, we use content as an advertising carrier and integrate advertisements into different activities and videos for marketing purposes. Our content marketing services are divided into two categories: event content marketing services and digital content marketing services. Event content marketing services primarily utilises offline events, such as marathons, street dancing competitions and fashion shows, as the core content carrier to promote customers' brands and products. Digital content marketing services primarily utilises online contents, such as online short video clips and mini games, as core content carrier to promote customers' brands and products.

With the capabilities of project planning, design, operation and execution, we assist customers in enhancing the effectiveness of their marketing activities and the value of their brand through content marketing programs. We have several content marketing projects featuring self owned IP contents, such as ABC Kids Planet Race (小馬星球), Sofa Music Festivals (沙發音樂節) and Fashion Week Series (國際時尚週). The revenue from content marketing services increased by approximately 45.2% year-on-year (the "YoY") from approximately RMB188,164,000 in 2021 to approximately RMB273,176,000 in 2022, accounted for approximately 54.8% of the total revenue in 2022.

For SaaS interactive marketing services, we offer a cloud-based marketing solution platform to our customers. Customers can subscribe and access our interactive marketing templates and tools through Content Engine to manage their marketing activities. The SaaS interactive marketing services have been unveiled as an important part of our business expansion strategy because we believe that such services can complement and create synergies with other marketing solution services provided by us for the availability of a more comprehensive integrated marketing solution experience to customers. The revenue from SaaS interactive marketing services increased by approximately 348.7% YoY from approximately RMB10,581,000 in 2021 to approximately RMB47,479,000 in 2022, accounted for approximately 9.5% of the total revenue in 2022.

Our digital marketing services generally provide our customers with tailor made marketing and advertising strategies utilising online media channels such as NetEase (網易), Weibo (微博), WeChat (微信), and Youku (優酷) etc. The revenue from digital marketing services increased by approximately 16.0% YoY from approximately RMB87,950,000 in 2021 to approximately RMB102,007,000 in 2022, accounted for approximately 20.5% of the total revenue in 2022. For our media advertising services, we generally provide advertising and marketing services through traditional media channels (e.g. television and outdoor public advertising resources). The revenue from media marketing services increased by approximately 41.2% YoY from approximately RMB41,171,000 in 2021 to approximately RMB58,131,000 in 2022, accounted for approximately 11.7% of the total revenue in 2022.

For our public relations event planning services, we provide event planning services which generally include event planning, event promotion, event set up and hosting and overall event management. The revenue from public relations event planning services decreased by approximately 31.1% YoY from approximately RMB25,434,000 in 2021 to approximately RMB17,536,000 in 2022, accounted for approximately 3.5% of the total revenue in 2022.

In recognition of our achievements during 2022, we have received numerous awards in 2022 such Tiger Roar Award (虎嘯獎), and Creative Award Innovation-Gold Award (科睿創新獎金).

Through our integrated marketing solutions services, we can provide our customers with both online and offline marketing solutions services to enhance the awareness and popularity of their brands and products. Our customers consist of a number of brands which we have developed a stable business relationship.

Prospects and outlook

Looking to the future, with the effective control of the the pandemic, China is expected to construct more large venues for cultural and sports events, which is likely to draw more people to concerts, dramas and sports events. According to the Opinions of the State Council on Implementing the Healthy China Action (《關於實施健康中國行動的意見》) and the Policy on Establishing the Healthy China Action Promotion Committee (《健康中國行動推薦委員會》), the Chinese government and residents have begun to pay more attention to promoting personal health and sports events. In such a context, we will speed up efforts in offline events and rapidly expand the blueprint for the offline integrated marketing events to maximise the scale of the offline integrated marketing services. In addition, we will grasp new opportunities to conduct closer cooperation with online media platforms such as Tiktok and Douyin to increase our source of revenue.

Along with growing recognition of private traffic in China, brand owners today are expected to generate more revenue from private traffic through reducing the cost of customer acquisition, building their images and cultivating relationships with customers. SaaS marketing services can provide brand owners with multiple marketing channels and help them acquire high quality private traffic. Thus, the trend of growing recognition of private traffic is expected to bring more opportunities for China's SaaS interactive marketing services providers.

We believe the following competitive advantages have contributed to our success and will drive our growth in the future:

We are a PRC event content marketing services company with capability of project planning, design, operation and execution, through which we support our customers to enhance the effectiveness of their marketing campaigns and brand value.

We believe that the extensive resources we have accumulated throughout the years of our operation provide us with a competitive advantage to provide integrated marketing solutions services to our customers. With our extensive experience in integrated marketing solution services, we have an insightful understanding of the market and our customers' demands. Further, leveraging on our planning, design, operation and execution capabilities of IP contents, we are able to facilitate our customers to increase brand awareness among their end-customers and to enhance their interactions with their end-customers, especially through event content marketing projects.

With the capability to integrate “online” and “offline” media channel resources, we are able to provide one-stop integrated marketing solution services to our customers, thereby enhancing the publicity effect of marketing activities for our customers.

With years of operation in the industry, we have developed extensive resources and long term cooperation with a number of the upstream and downstream industry players. This has equipped us with knowledge of the operational characteristics of the different advertising and marketing channels, thereby allowing us to provide more tailored advertising and marketing strategies to our customers to achieve better marketing effects for them.

We have stable cooperation with a large number of customers and a majority of our customers come from the fast moving consumer goods (“FMCG”), footwear and real estate industries.

We have established strong business relationships with a number of our major customers. We also have an extensive customer base, which includes enterprises engaged in various industries such as footwear and apparel, food and beverage, daily necessities, real estate, fashion, electronics and internet, as well as governments and universities.

We have capability to operate and commercialise IP contents through our integrated marketing solutions services

Building upon our years of experience in providing integrated marketing solutions services to our customers, we have developed capability to operate and commercialise IP contents through our content marketing projects. For our content marketing projects, we integrate brands and products of our customers into the content marketing projects to promote our customers’ brands and products which, at the same time, increase the popularity and commercial values of the IP contents through the projects.

We are empowered by our SaaS interactive marketing platform, Content Engine, which provides integrated “Content + Technology” platform services

We provide our customers with editable marketing templates and tools that can be tailored to different needs of our customers. Our SaaS interactive marketing services have a variety of functions and diversified templates, which customers can use the services by paying only a reasonable amount of annual subscription fee. For this reason, we believe that such services can increase the benefits of advertising and reduce the marketing service costs of customers, enabling us to compete with other online marketing competitors.

We have a visionary and experienced management team

We have a strong management team with a full range of expertise in operation and industry. Our Group is under the leadership of Mr. Liu, our founder and chairman of the Board, who has over 15 years of experience in the marketing industry and possesses excellent capabilities in sales and business management within the industry. Other senior management members of the Group also have strong marketing or related experience, strong industry background and extensive experience with our customers.

FINANCIAL REVIEW

Overview

We provide integrated marketing solutions services mainly in the PRC to a large base of customers, with particular success in the FMCG, footwear and apparel and real estate industries. Our total revenue consists of revenue from integrated marketing services and revenue from SaaS interactive marketing services. Our integrated marketing services consist of four types of marketing services, namely (i) content marketing; (ii) digital marketing; (iii) public relations event planning; and (iv) media advertising.

During the year ended 31 December 2022 (the “**Reporting Period**”), our total revenue amounted to approximately RMB498,329,000, a YoY increase of approximately 41.0% (approximately RMB353,300,000 in 2021) mainly due to a rise in revenues from integrated marketing services and SaaS interactive marketing services resulting from our persistent business expansion efforts and improved reputation among existing and potential customers.

Revenue

During the Reporting Period, our total revenue reached approximately RMB498,329,000, a YoY growth of approximately 41.0% (approximately RMB353,300,000 in 2021).

The following table sets out a breakdown of our total revenue for the years indicated. For the year ended 31 December 2022, revenue from integrated marketing services increased by approximately 31.6% YoY to approximately RMB450,850,000, accounted for approximately 90.5% of our total revenue. Revenue from SaaS interactive marketing services increased by approximately 348.7% YoY to approximately RMB47,479,000, accounted for approximately 9.5% of the total revenue.

	2022		For the year ended 31 December 2021		Change (+/(-)) %
	RMB'000	%	RMB'000	%	
Revenue from integrated marketing services	450,850	90.5	342,719	97.0	+31.6
Revenue from SaaS interactive marketing services	47,479	9.5	10,581	3.0	+348.7
Total	<u>498,329</u>	<u>100.0</u>	<u>353,300</u>	<u>100.0</u>	<u>+41.0</u>

Integrated Marketing Services

The following table sets out a breakdown of the revenue from integrated marketing services by product category for the years indicated, in terms of amount and as a proportion to the revenue from integrated marketing services.

	For the year ended 31 December				
	2022		2021		Change (+/(-))
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Content marketing	273,176	60.6	188,164	54.9	+45.2
Digital marketing	102,007	22.6	87,950	25.7	+16.0
Media advertising	58,131	12.9	41,171	12.0	+41.2
Public relations event planning	17,536	3.9	25,434	7.4	(31.1)
Total	450,850	100.0	342,719	100.0	+31.6

Revenues from content marketing services, digital marketing services, public relations event planning services and media advertising services are recognised over the period of time when the related services are rendered according to the progress of completion as stipulated under the agreements. Revenue would be recognised when we deliver the services to our customers, such as delivery of design and advertising plans, and will continue to recognise until all promised services are delivered.

During the Reporting Period, our revenue from integrated marketing services increased by approximately 31.6% YoY to approximately RMB450,850,000 (approximately RMB342,719,000 in 2021), accounted for approximately 90.5% of revenue in 2022. The increase in revenue from integrated marketing services was mainly due to the increase in revenue derived from content marketing services, digital marketing services, media advertising services and SaaS interactive marketing services which were attributable to the abundance of experience in serving customers gleaned over the years and our marketing solutions were more tailored to customer marketing needs.

SaaS Interactive Marketing Services

For SaaS interactive marketing services, annual subscription fees are recognised over the year of subscription. For SaaS customised products, we recognize revenue when the products are delivered to our customers. For SaaS interactive marketing services where we engage SaaS agents to market and sell our SaaS products, as we regard our SaaS agents as our direct buyers, we recognise revenue generated from our SaaS agents for our SaaS interactive marketing services upon setting up and activating user accounts after deduction of the commission expenses paid or payable to such SaaS agents.

During the Reporting Period, our revenue from SaaS interactive marketing services increased by approximately 348.7% YoY to approximately RMB47,479,000 (approximately RMB10,581,000 in 2021), accounted for approximately 9.5% of the total revenue in 2022. Such increase was mainly attributable to the fact that our SaaS interactive marketing platform, Content Engine, enabled the online marketing promotion strategies of our customers and provided Content + Technology products which are highly recognised by customers.

Cost of Revenue

During the Reporting Period, our total revenue reached approximately RMB318,699,000, a YoY growth of approximately 33.5% (approximately RMB238,764,000 in 2021).

Integrated Marketing Services

The costs of integrated marketing services mainly include media advertising resources costs, production costs, equipment rental costs, staff costs, and other costs.

The following table sets out a breakdown of the cost of revenue of integrated marketing services and products for the years indicated, in terms of amount and as a proportion to cost of revenue from integrated marketing services.

	2022		For the year ended 31 December 2021		Change (+/(-))	
	RMB'000	%	RMB'000	%		%
Media advertising resources costs						
– Marketing rights from IP contents providers	72,271	24.0	56,013	24.1	+29.0	
– Costs of obtaining advertising resources from advertising media channels or their agents	166,048	55.3	121,834	52.5	+36.3	
– Other media technical and execution costs	9,791	3.3	5,880	2.5	+66.5	
Subtotal	248,110	82.6	183,727	79.1	+35.0	
Production costs	41,324	13.8	35,235	15.2	+17.3	
Equipment rental costs	894	0.3	2,909	1.3	(69.3)	
Staff costs	6,392	2.1	4,964	2.1	+28.8	
Other costs	3,740	1.2	5,346	2.3	(30.0)	
Total	300,460	100.0	232,181	100.0	+29.4	

During the Reporting Period, the cost of revenue of integrated marketing services reached approximately RMB300,460,000, a YoY growth of approximately 29.4% (approximately RMB232,181,000 in 2021). Such increase was primarily due to an increase in online content marketing activities and an increase of revenue from media advertising services, driving up the costs of media advertising resources.

SaaS interactive marketing services

The costs of SaaS interactive marketing services mainly include SaaS costs. The following table sets out a breakdown of cost of revenue of SaaS interactive marketing services for the years indicated, in terms of amount and as a proportion to cost of revenue from SaaS interactive marketing services.

	For the year ended 31 December				
	2022		2021		Change (+/(-))
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
SaaS costs	17,566	96.3	6,241	94.8	+181.5
Media advertising resources costs	-	-	113	1.7	(100.0)
Other costs	-	-	76	1.2	(100.0)
Staff costs	673	3.7	153	2.3	+339.9
Total	18,239	100.0	6,583	100.0	+177.1

During the Reporting Period, the cost of revenue of SaaS interactive marketing services amounted to approximately RMB18,239,000, a YoY growth of approximately 177.1% (approximately RMB6,583,000 in 2021), such growth was principally due to a rise in the revenue from SaaS interactive marketing services, pushing up such cost of revenue.

Gross profit

The following table sets out the analysis of gross profit with respective gross profit margins, breakdown by type of revenue, for the years indicated.

	For the year ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>Gross profit margin (%)</i>	<i>RMB'000</i>	<i>Gross profit margin (%)</i>
Integrated marketing services	150,390	33.4	110,538	32.3
SaaS interactive marketing services	29,240	61.6	3,998	37.8
Total	179,630	36.0	114,536	32.4

During the Reporting Period, our total gross profit reached approximately RMB179,630,000, a YoY growth of approximately 56.8% (approximately RMB114,536,000 in 2021). The gross profit from integrated marketing services was approximately RMB150,390,000, a YoY growth of approximately 36.1% (approximately RMB110,538,000 in 2021). Our gross profit from SaaS interactive marketing services was approximately RMB29,240,000, increased by approximately 631.4% YoY (approximately RMB3,998,000 in 2021), Gross profit margin for SaaS interactive marketing services increased from approximately 37.8% in 2021 to approximately 61.6%, mainly due to the fact that a major part of SaaS costs was the amortization of intangible assets, which is fixed in nature, resulting an increase in gross profit margin in during the Reporting Period.

Selling and marketing expenses

Our selling and marketing expenses mainly consist of: (i) salaries and benefits of marketing and technical support personnel; (ii) business entertainment and travel expenses, largely including business entertainment, accommodation and travel expenses; (iii) amortization and depreciation, mainly referring to the depreciation of equipment, vehicles and renovation of our leased properties, and leased right-of-use assets and the amortization of computer software; and (iv) other expenses, including (among others) property management fees, office expenses and local transportation expenses. During the Reporting Period, our selling and marketing expenses reached approximately RMB6,778,000, a YoY decrease of approximately 32.0% (approximately RMB9,969,000 in 2021). Such decrease was primarily due to decrease in business entertainment expenses and a personnel restructuring-led decline in wages and salaries.

Administrative expenses

Administrative expenses predominantly include: (i) employee costs and benefits, principally including administrative employee salaries, training expenses; (ii) legal and professional fees, mainly referring to legal and professional fees incurred in connection with the Group's business operation; (iii) amortization and depreciation, primarily referring to the depreciation of equipment, vehicles and renovation of our leased properties, and leased right-of-use assets and the amortization of computer software; (iv) research and development (“R&D”) costs, principally referring to the salaries of R&D employees of Content Engine; (v) other taxes, mostly consisting of urban maintenance and construction taxes and stamp taxes, and (vi) other expenses. During the Reporting Period, our general and administrative expenses amounted to approximately RMB30,493,000, a YoY growth of approximately 80.3% (approximately RMB16,913,000 in 2021). Such growth was mainly attributable to an increase in R&D costs during the reporting period.

Provision for impairment loss on trade receivables and other financial assets

During the Reporting Period, our provision for impairment loss on trade receivables and other financial assets was approximately RMB24,844,000, representing an increase of approximately 331.5% YoY (approximately RMB5,758,000 in 2021). Such increase was primarily due to increase in trade receivables which was mainly due to substantial increase in revenue, leading to an increase in provision for bad debts.

Other revenue

The following table provides a breakdown of components of other revenue for the years indicated:

	For the year ended 31 December		
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	Change (+/(-)) %
Government grant	5,014	3,092	+62.2
Bank interest income	1,388	1,550	(10.5)
Interest income on other financial assets	70	–	+100.0
Additional value added tax input deduction	2,696	3,815	(29.3)
Gain on early termination of a lease	–	29	(100.0)
Others	86	19	+352.6
Total	<u>9,254</u>	<u>8,505</u>	<u>+8.8</u>

During the Reporting Period, our other revenue amounted to approximately RMB9,254,000, a YoY increase of approximately 8.8% (approximately RMB8,505,000 in 2021). The increase in government grant was mainly due to the grants received from the PRC local government authority to help enterprises tide over the COVID-19 pandemic and that to support enterprises in going public.

Other gains and losses

We recorded other losses of approximately RMB3,436,000 in 2022 (Other gains of approximately RMB1,409,000 in 2021) mainly due to exchange losses of RMB7,047,000 was recorded during the Reporting Period, which was partially offset by a gain on fair value changes on convertible bond of approximately RMB3,841,000.

Finance costs

Finance costs primarily comprise (i) interest expense on bank borrowings; (ii) interest expense on third-parties' loans; (iii) interest expenses on shareholder's loan; (iv) imputed interest expenses on convertible bonds; and (v) interest expenses on lease liabilities.

During the Reporting Period, our finance costs reached approximately RMB10,419,000, a YoY growth of approximately 175.1% (approximately RMB3,787,000 in 2021). Such increase was largely attributed to the increase in interest expenses in connection with (i) increased the Pre-HKIPO Loans entered into between the Company and each of the Pre-HKIPO loan lenders and (ii) loan agreement entered into between the Company and one Pre-IPO Investor pursuant to the terms under the subscription agreement in January 2022; and (iii) the three bridging loan agreements entered into between the Company and two independent third parties for the settlement of consideration of business transfer with an aggregate total loan amount of approximately RMB101.3 million in January 2022, and such loans were fully repaid in June 2022.

Listing expenses

During the Reporting Period, our listing expenses hit approximately RMB22,183,000, up by approximately 156.3% YoY (from approximately RMB8,655,000 in 2021).

Profit before income tax

As a result of the above, our profit before income tax for the year ended 31 December 2022 was stood at approximately RMB90,731,000, increase by approximately 14.3% YoY (from approximately RMB79,368,000 in 2021).

Income tax expense

During the Reporting Period, our income tax expense was approximately a YoY increase of approximately 57.5% (approximately RMB14,627,000 in 2021). Such increase was largely due to an increase in the listing expenses, R&D expenses, and finance costs during the Reporting Period. The effective tax rate, representing income tax expense divided by profit before tax, was 18.4% for 2021 and 25.4% for 2022, respectively.

Net profit and net profit margin

The Group recorded net profit of RMB64,741,000 and RMB67,700,000 for 2021 and 2022, with a net profit margin of 18.3% and 13.6%, respectively. The adjusted net profit of the Group further increased by 22.5% from approximately RMB73,396,000 in 2021 to approximately RMB89,883,000 in 2022, which was mainly due to growing revenue during 2022.

Non-HKFRS measurement

To complement the consolidated annual results presented in accordance with HKFRS, we have also used EBITDA (i.e. earnings before interest, taxes, depreciation and amortization), adjusted EBITDA and adjusted net profit, which are not required by or presented in accordance with HKFRS, as additional financial measures. We believe that these non-HKFRS measurement tools can eliminate the potential impact of items that the management considers cannot reflect our operating performance, which is conducive to the comparison of operating performance across years and companies. We believe that these measurement tools provide investors and others with useful information to understand and evaluate our consolidated results of operation in the same manner as the management. However, the EBITDA, adjusted EBITDA and adjusted net profit presented by us are not necessarily comparable to similar measurement tools presented by other companies. These non-HKFRS measurement tools have limitations as analytical tools and should not be considered independent of or as a substitute for our analysis of results of operation or financial conditions presented in accordance with HKFRS.

EBITDA and adjusted EBITDA

The following table sets out a reconciliation of EBITDA and adjusted EBITDA for the years indicated:

	For the year ended 31 December		
	2022	2021	Change (+/(-))
	<i>RMB'000</i>	<i>RMB'000</i>	%
Reconciliation of operating profit to adjusted EBITDA			
Profit before income tax expense	90,731	79,368	+14.3
Interest income	(1,458)	(1,550)	(5.9)
Interest expenses	10,419	3,787	+175.1
Earnings before interest and taxes	99,692	81,605	+22.2
Add:			
Depreciation of right-of-use assets	2,879	2,893	(0.5)
Depreciation of property, plant and equipment	661	1,033	(36.0)
Amortization of intangible assets	13,158	6,490	+102.7
EBITDA	116,390	92,021	+26.5
Add:			
Listing expenses	22,183	8,655	+156.3
Adjusted EBITDA	138,573	100,676	+37.6

Adjusted net profit

The following table sets out a reconciliation of net profit and adjusted net profit for the years indicated:

	For the year ended 31 December		
	2022	2021	Change (+/(-))
	<i>RMB'000</i>	<i>RMB'000</i>	%
Reconciliation of net profit to adjusted net profit			
Net profit for the year	67,700	64,741	+4.6
Listing expenses	22,183	8,655	+156.3
Adjusted net profit	89,883	73,396	+22.5

Reserves and capital structure

As at 31 December 2022, the Group's total equity was RMB544,860,000 (31 December 2021: RMB153,509,000), which represented share capital of RMB72,000 (31 December 2021: RMB3,000) and reserves of RMB543,275,000 (31 December 2021: RMB151,969,000). The increase in total equity was primarily due to the issuance of shares of the Group for the Listing and net profit for the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations were primarily financed through its operating activities. The Group derived its cash inflow from operating activities primarily through the receipt of payments from the customers in relation to the integrated marketing solutions services and the SaaS interactive marketing services. The Group's cash outflows from operating activities primarily comprised payments for media advertising resources costs and operating expenses such as production cost and SaaS cost.

As at 31 December 2022, the Group's total current assets and current liabilities were RMB580,990,000 (31 December 2021: RMB247,762,000) and RMB170,833,000 (31 December 2021: RMB192,212,000), respectively, while the current ratio was 3.4 times (31 December 2021: 1.3 times). The increase in total current assets as at 31 December 2022 was mainly attributable to increase in cash and cash equivalents at the end of the period. As at 31 December 2022, the Group had a cash and bank balance amounted to RMB329,188,000 (31 December 2021: RMB50,187,000).

As at 31 December 2022, the Group has bank borrowings of RMB32,052,000. The Group's gearing ratio (which equals to total debt divided by total capital plus total debt, where total debt includes borrowings, lease liabilities, amounts due to a director and amounts due to related parties, capital includes equity attributable to owners of the Company) was 11.9% as at 31 December 2022 (31 December 2021: 47.5%).

CAPITAL EXPENDITURES AND COMMITMENT

Our capital expenditures primarily consist of (i) property, plant and equipment, which primarily consisted of computer equipment, office equipment and leasehold improvement in relation to renovation expenses for our properties; (ii) right-of-use assets, which primarily consisted of the our property leases; and (iii) intangible assets, which primarily consisted of, among others, copyright licences and purchased software. For the year 31 December 2022, our capital expenditure was approximately RMB31,928,000. The following table sets out our capital expenditures for the years indicated:

Breakdown of capital expenditures

	2022 <i>RMB'000</i>
(1) Fixed assets (including computer equipment, office equipment, automobiles and office leasehold improvement)	233
(2) Intangible assets (including our trademarks, software copyrights, purchased software and self-developed software)	31,682
(3) Right-of-use assets	13
Total	<u>31,928</u>

As at 31 December 2022, the Group had a total capital commitment of approximately RMB11,262,000 (31 December 2021: Nil), contracted for but not provided for in the consolidated financial statements in respect of the property, plant and equipment.

CONTINGENT LIABILITIES

As of 31 December 2022, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

FOREIGN CURRENCY RISK MANAGEMENT

We conduct our business operations primarily in China, settle most of our transactions in RMB, and are exposed to foreign currency risks from various currency exposures, primarily with respect to U.S. dollars and Hong Kong dollars. During the Reporting Period, we did not hedge our foreign exchange risks through any long-term contracts, monetary borrowings or other means.

CREDIT RISK

Credit risk mainly arises from trade receivables and contractual assets. We have policies in place to ensure that our services are provided to customers with an appropriate credit history. We also have other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the management will regularly review the recoverable amount of individual receivables based on customers' financial condition, our historical experience, and other factors to ensure that sufficient provision for impairment losses is made for the irrecoverable amount.

ASSETS PLEDGED

As of 31 December 2022, we did not pledge any of our assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS, DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As of 31 December 2022, the Group had no significant investments, material acquisitions, disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As of 31 December 2022, save for the disclosure made in the prospectus of the Company dated 28 October 2022, the Group did not have any plan for significant investments or capital assets.

EMPLOYEES

We had a total of 161 employees as at 31 December 2022.

Our success depends on our ability to attract, retain and motivate qualified personnel. We provide our employees with various incentives and benefits. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. The remuneration policy will be reviewed by the Board from time to time.

In accordance with the regulations of the PRC, we participate in various social security plans for employees organised by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefits plans.

To maintain the quality, knowledge and skills of our employees, we strive to enhance their technical, professional or managerial skills by providing continuing education and training courses (including internal and external training courses) to them. We also provide training courses to our employees from time to time to ensure that they are fully aware of and comply with our policies and procedures.

The total staff cost including remuneration, other employee benefits and contributions to retirement schemes for the Directors and other staff of the Group for 2022 amounted to RMB25,266,000 (2021: RMB20,459,000). The increase in staff cost was mainly due to the increase in the number of R&D staff.

USE OF PROCEEDS

The net proceeds from the Listing (the “**Net Proceeds**”), after deducting the underwriting fees and other related expenses in connection with the Listing, was approximately HK\$267.3 million. The Company intends to apply the Net Proceeds in accordance with the proposed application as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

The following table sets out the utilisation of the Net Proceeds as at 31 December 2022:

	Percentage of Net Proceeds	Net Proceeds from the global offering <i>(HKD million)</i>	Utilised amount up to 31 December 2022 <i>(HKD million)</i>	Unutilised balance as at 31 December 2022 <i>(HKD million)</i>	Expected time line of utilisation
Research and development and enhancing our SaaS interactive marketing platform	14.7%	39.20	0	39.20	2024.12.31
Scaling up our IP contents portfolio and expanding our integrated marketing solutions businesses	31.7%	84.80	0	84.80	2024.12.31
Investment in expanding our geographic coverage and enlarging our customer base	16.0%	42.70	0	42.70	2024.12.31
Pursuing strategic cooperation, investments and acquisitions	32.1%	85.80	0	85.80	2024.12.31
Working capital and general corporate use	5.5%	14.80	0	14.80	2023.06.30
Total	100.0%	267.3	0	267.3	

The unutilised amount is expected to be used in accordance with the Company's business strategies as disclosed in the Prospectus and above. The aforesaid expected timeline of full utilisation of the unutilised proceeds is based on our Directors' best estimation, and is subject to change in light of the future market conditions or any unforeseen circumstances.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, there was no significant event after the reporting period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

For the year ended 31 December 2022, neither our Company nor any of its subsidiaries acquired, sold or redeemed any of its listed securities.

CORPORATE GOVERNANCE CODE

The Board is committed to the practice of good corporate governance measures.

The Board believes that good corporate governance measures are essential to provide our Company with a framework to safeguard shareholders' equity, enhance corporate value, develop business strategies and policies, and improve transparency and accountability.

The Company has adopted and applied the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 14 of the Listing Rules. To the best knowledge of the Directors, except for code provision C.2.1 set out below, the Company has complied with all applicable code provisions under the CG Code during the period from the Listing Date to 31 December 2022.

The roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Jianhui (“**Mr. Liu**”) currently holds both positions. Since establishment of our Group in 2012, Mr. Liu has been key leadership figure of our Group who has been deeply involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group’s operations as he directly supervises our Directors (other than himself) and members of our senior management. Taking into account the continuation of the implementation of our business plans, our Directors (including our independent non-executive Directors) consider Mr. Liu the best candidate for both positions and the present arrangements are beneficial to and in the interests of our Company and our Shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as a code of conduct for its Directors to conduct trading of securities. Our Company has been following the Model Code since the Listing Date.

Our Company has made specific enquiries to all of its Directors, who have confirmed that they have implemented and complied with the standards set out in the Model Code from the Listing Date to 31 December 2022.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2022.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee has three members comprising three independent non-executive Directors, being Ms. Wong Yan Ki, Angel (“**Ms. Wong**”), Ms. Wang Yingbin and Mr. Tian Tao. The Audit Committee is chaired by Ms. Wong, who has appropriate professional qualifications and experience as required by Rule 3.10(2) of the Listing Rules.

The Audit Committee, together with the management of our Company, has reviewed the consolidated financial statements of our Group for the year ended 31 December 2022 and the accounting principles and policies adopted by our Group, and has met with BDO Limited, the Independent Auditor.

SCOPE OF WORK OF AUDITOR

The financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information of our Company and to the best knowledge of our Directors, the Company has maintained a sufficient public float since the date of listing of the Company on the Stock Exchange and up to the date of this announcement.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of associations and related laws which oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year ended 31 December 2022 will be held on Friday, 23 June 2023 (the "AGM"). Notice of the AGM will be published and issued to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 June 2023 to Friday, 23 June 2023 (both days inclusive), during that period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 19 June 2023 for registration of transfer.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the Company's website at www.manyidea.cloud and the Stock Exchange's website at www.hkexnews.hk. The annual report for the year ended 31 December 2022 will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Many Idea Cloud Holdings Limited
Liu Jianhui
Chairman of the Board

Hong Kong, 29 March 2023

As at the date of this announcement, the Board comprises Mr. Liu Jianhui, Ms. Qu Shuo, Ms. Huang Tingting, Mr. Chen Shancheng and Mr. Chen Zeming as executive Directors and Ms. Wang Yingbin, Ms. Wong Yan Ki, Angel, Mr. Tian Tao and Ms. Xiao Huilin as independent non-executive Directors.