NETJOY HOLDINGS LIMITED
云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2131)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the "**Board**") of directors (the "**Directors**") of Netjoy Holdings Limited (the "**Company**") hereby announces the audited consolidated financial results of the Company and its subsidiaries and consolidated affiliated entities (together, the "**Group**" or "**we**") for the year ended December 31, 2022 (the "**Reporting Period**") together with the comparative figures for the year ended December 31, 2021 as follows:

FINANCIAL RESULTS HIGHLIGHTS

	Year ended December 31,		
	2022	2021	Year-on-year Change
	(RMB in million, except percentage)		
Revenue	**3,310.09**	3,122.49	**6.01%**
Gross profit	**30.48**	218.67	**(86.06)%**
(Loss)/profit before income tax	**(202.22)**	134.32	**(250.55)%**
(Loss)/profit for the year	**(178.57)**	117.40	**(252.11)%**
Adjusted net (loss)/profit	**(199.13)**	146.54	**(235.89)%**

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Notes	**2022** **RMB'000**	2021 RMB'000
REVENUE	*3*	**3,310,085**	3,122,492
Cost of sales		**(3,279,603)**	(2,903,822)
Gross profit		**30,482**	218,670
Other income and gains	*3*	**55,358**	57,442
Selling and distribution expenses		**(12,338)**	(15,797)
Administrative expenses		**(67,967)**	(76,857)
Impairment losses on financial assets, net		**(167,058)**	(13,057)
Research and development expenses		**(8,801)**	(7,929)
Other expenses	*3*	**(654)**	(10,011)
Finance costs		**(25,918)**	(15,912)
Share of losses of associates		**(5,329)**	(2,225)
(LOSS)/PROFIT BEFORE TAX		**(202,225)**	134,324
Income tax credit/(expense)	*4*	**23,651**	(16,925)
(LOSS)/PROFIT FOR THE YEAR		**(178,574)**	117,399
Attributable to:			
Owners of the parent		**(178,057)**	117,399
Non-controlling interests		**(517)**	–
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For (loss)/profit for the year	*6*	**RMB(22.9) cents**	RMB14.7 cents

	2022	2021
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(178,574)**	117,399
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**–**	(400)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**–**	(400)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	(400)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(178,574)**	116,999
Attributable to:		
Owners of the parent	**(178,057)**	116,999
Non-controlling interests	**(517)**	–

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2022

	Notes	**2022** **RMB'000**	2021 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,930**	7,593
Right-of-use assets		**8,710**	7,123
Intangible assets		**31,710**	26,439
Prepayments, other receivables and other assets		**4,160**	4,924
Deferred tax assets		**50,436**	17,559
Investments in associates		**4,394**	5,523
Financial assets at fair value through profit or loss		**37,534**	–
Total non-current assets		**141,874**	69,161
CURRENT ASSETS			
Inventories		**68,810**	–
Trade and notes receivables	*7*	**1,570,887**	1,511,484
Prepayments, other receivables and other assets		**276,715**	241,069
Restricted cash		**11,117**	280,560
Cash and cash equivalents		**279,690**	355,751
Total current assets		**2,207,219**	2,388,864
CURRENT LIABILITIES			
Trade payables	*8*	**241,983**	145,634
Other payables and accruals		**97,062**	49,189
Interest-bearing bank borrowings		**574,725**	612,470
Lease liabilities		**5,088**	4,360
Contract liabilities		**36,535**	33,343
Tax payable		**18,218**	26,774
Total current liabilities		**973,611**	871,770
NET CURRENT ASSETS		**1,233,608**	1,517,094
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,375,482**	1,586,255

	2022	2021
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**3,168**	1,238
Deferred tax liabilities	**759**	1,621
Deferred income	**626**	715
Total non-current liabilities	**4,553**	3,574
NET ASSETS	**1,370,929**	1,582,681
EQUITY		
Equity attributable to owners of the parent		
Share capital	**148**	148
Treasury shares	**(40,526)**	(36,670)
Reserves	**1,411,324**	1,619,203
Total equity attributable to owners of the parent	**1,370,946**	1,582,681
Non-controlling interests	**(17)**	–
TOTAL EQUITY	**1,370,929**	1,582,681

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2022

	Attributable to owners of the parent									
	Share capital	Treasury shares	Share option reserve*	Capital reserve*	Statutory surplus reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Retained profits*	Total	Non-Controlling interest	Total Equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	**148**	**(36,670)**	**12,197**	**1,229,544**	**46,459**	**(400)**	**331,403**	**1,582,681**	**-**	**1,582,681**
Loss and total comprehensive income for the year	-	-	-	-	-	-	(178,057)	(178,057)	(517)	(178,574)
Shares repurchased	-	(3,856)	-	-	-	-	-	(3,856)	-	(3,856)
Equity-settled share option arrangements	-	-	4,076	-	-	-	-	4,076	-	4,076
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	500	500
Dividend declared	-	-	-	-	-	-	(33,898)	(33,898)	-	(33,898)
At 31 December 2022	**148**	**(40,526)**	**16,273**	**1,229,544**	**46,459**	**(400)**	**119,448**	**1,370,946**	**(17)**	**1,370,929**

	Attributable to owners of the parent									
	Share capital	**Treasury shares**	**Share option reserve***	**Capital reserve***	**Statutory surplus reserve***	**Fair value reserve of financial assets at fair value through other comprehensive income***	**Retained profits***	**Total**	**Non-Controlling interest**	**Total Equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2021	149	–	–	1,244,410	32,225	–	228,238	1,505,022	–	1,505,022
Profit for the year	–	–	–	–	–	–	117,399	117,399	–	117,399
Other comprehensive income for the year:										
Change in fair value of equity investments designated at fair value through other comprehensive income	–	–	–	–	–	(400)	–	(400)	–	(400)
Total comprehensive income for the year	–	–	–	–	–	(400)	117,399	116,999	–	116,999
Shares repurchased	(1)	(36,670)	–	(14,966)	–	–	–	(51,637)	–	(51,637)
Equity-settled share option arrangements	–	–	12,197	–	–	–	–	12,197	–	12,197
Capital injection	–	–	–	100	–	–	–	100	–	100
Transfer from retained profits	–	–	–	–	14,234	–	(14,234)	–	–	–
At 31 December 2021	148	(36,670)	12,197	1,229,544	46,459	(400)	331,403	1,582,681	–	1,582,681

* These reserve accounts comprise the consolidated reserves of RMB1,411,324,000 (2021: RMB1,619,203,000) in the consolidated statement of financial position.

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

For the year ended December 31, 2022

1. CORPORATE AND GROUP INFORMATION

Netjoy Holdings Limited (the "**Company**") is a limited liability company incorporated in the Cayman Islands on 29 March 2019. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "**Group**") were principally involved in the provision of online advertising services in the People's Republic of China (the "**PRC**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Netjoy International Limited	British Virgin Islands	USD50,000	100	–	Investment holding
Netjoy International (Hong Kong) Limited	Hong Kong, China	HKD1	–	100	Technical and consultation services
Zheng Han Bio-tech Research Co., Limited ("**Zheng Han**") ("正漢生物科技研發有限公司")	Hong Kong, China	HKD20,000,000	100	–	Investment holding
Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. ("**Yunxiang Information**") (云想數科(上海)信息技術有限公司) *(note (a))*	PRC/Mainland China	RMB50,000,000	–	100	Technical and consultation services
Letui (Shanghai) Culture Broadcast Co., Ltd. ("**Letui Culture**") (樂推(上海)文化傳播有限公司) *(note (b))*	PRC/Mainland China	RMB10,000,000	–	100	Marketing services
Horgos Quantum Dynamic Culture Media Co., Ltd. ("**Quantum Culture Media**") (霍爾果斯量子動態文化傳媒有限公司) *(note (b))*	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Horgos Quantum Data Service Co., Ltd. ("**Quantum Data**") (霍爾果斯量子數據服務有限公司) *(note (b))*	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Yunxiang Entertainment (Shanghai) Co., Ltd. ("**Yunxiang Entertainment**") (云想娛樂(上海)有限公司) *(note (b))*	PRC/Mainland China	RMB5,000,000	–	100	Technical and consultation services
Guangzhou Guomeng Network Technology Co., Ltd. ("**Guomeng Internet**") (廣州果盟網絡科技有限公司) *(note (b))*	PRC/Mainland China	RMB1,000,000	–	100	Technical and consultation services

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Qizheng (Shanghai) Culture Communication Co., Ltd. ("**Qizheng Culture**") (啟征(上海)文化傳播有限公司) *(note (b))*	PRC/Mainland China	RMB1,000,000	–	100	Technical and consultation services
Letui Chuanshi (Shanghai) Information Technology Co., Ltd. ("**Letui Information**") (樂推傳視(上海)信息技術有限公司) *(note (b))*	PRC/Mainland China	RMB5,000,000	–	100	Technical and consultation services
Letui Zhixiao (Shanghai) Cultural Communication Co., Ltd. ("**Letui Zhixiao**") (樂推智效(上海)文化傳播有限公司) *(note (b))*	PRC/Mainland China	RMB5,000,000	–	100	Marketing services
MIX Technology Co.,Ltd. ("**Heguang Technology**") (合光(寧波)科技有限公司) *(note (a))*	PRC/Mainland China	USD10,000,000	–	100	Marketing services
Horgos Large Amount Information Technology Co., Ltd. ("**Large Amount Information Technology**") (霍爾果斯爆量信息技術有限公司) *(note (b))*	PRC/Mainland China	RMB1,000,000	–	100	Marketing services
Yunwei Chuangshi (Shanghai) Information Technology Co., Ltd. ("**Yunwei Chuangshi**") (云未創視(上海)信息技術有限公司) *(note (b))*	PRC/Mainland China	RMB750,000	–	60	Software-as-a-service ("**SaaS**")
Indirectly controlled by the Company pursuant to the contractual agreements					
Netjoy (Shanghai) Network Technology Co., Ltd. ("**Netjoy Network**") (嗨皮(上海)網絡科技有限公司) *(note (b))*	PRC/Mainland China	RMB53,528,203	–	100	Entertainment-oriented content platform operation
Tradeplus (Shanghai) Information Technology Co., Ltd. ("**Tradeplus**") (連山加(上海)信息技術有限公司) *(note (b))*	PRC/Mainland China	RMB5,000,000	–	100	SaaS

Notes:

(a) The entity is registered as a wholly-foreign-owned enterprise under PRC law.

(b) The entity is registered as a limited liability company under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Netjoy Network and Tradeplus provide value added telecommunications services and radio and TV program production and operation services to customers. Due to regulatory restrictions on foreign ownership in providing value added telecommunications services and prohibition on foreign ownership in providing radio and TV program production and operation services in the PRC, the wholly-owned subsidiary of the Company, Yunxiang Information, has entered into contractual arrangements ("**Contractual Arrangements**") with Netjoy Network and Tradeplus and their respective registered shareholders. The arrangements of the Contractual Arrangements enable Yunxiang Information to effectively control, recognise and receive substantially all the economic benefits of the business and operations of Netjoy Network and Tradeplus.

In summary, the Contractual Arrangements enable the Group to, among others:

- receive substantially all of the economic benefits from Netjoy Network and Tradeplus in consideration for the services provided by Yunxiang Information to Netjoy Network and Tradeplus;
- exercise effective control over Netjoy Network and Tradeplus; and
- hold an exclusive option to acquire all or part of the equity interests in and/or the assets of Netjoy Network and Tradeplus when and to the extent permitted by the PRC laws and regulations.

Accordingly, Netjoy Network and Tradeplus are controlled by the Company based on the Contractual Arrangements though the Company does not have any direct or indirect equity interest in Netjoy Network and Tradeplus.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to IFRSs 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. REVENUE,OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**3,310,085**	3,122,492

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022	2021
	RMB'000	*RMB'000*
Types of services		
Online marketing solutions services		
– All-in-one services	**3,189,387**	2,922,426
– Advertisement distribution services	**66,802**	151,102
SaaS service	**14,862**	32,878
Other business	**39,034**	16,086
Total revenue from contracts with customers	**3,310,085**	3,122,492
Timing of revenue recognition		
Services transferred at a point in time	**3,279,208**	3,108,083
Services transferred over time	**30,877**	14,409
Total revenue from contracts with customers	**3,310,085**	3,122,492

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	**33,343**	36,811

There is no revenue recognised in the current reporting period from performance obligations satisfied in previous periods for the years ended 31 December 2022 and 2021, respectively.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Online marketing solutions services

The performance obligation is satisfied on a user's optimised click (oCPC) on one of the customer-sponsored links or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM).

SaaS service

The Group provides SaaS service to advertisers and separate service contracts are signed for these services. The performance obligation is satisfied on a user's optimised click (oCPC) on one of the customer-sponsored links or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM) or over the subscription period on a straight-line basis.

Other business

Other business include the original pan-entertainment business as well as live streaming business. Pan-entertainment business performance obligation is satisfied on a pro-rata basis over the contractual term for cost per time advertising arrangements, commencing on the start date of the display of the advertisement or on the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (CPM). Live streaming business performance obligation is satisfied at a point in time when the live broadcast duration and sale transaction of goods is completed.

The transaction prices allocated to the remaining performance obligations unsatisfied as at 31 December 2022 are RMB36,535,000 (31 December 2021: RMB33,343,000).

All the remaining performance obligations unsatisfied as at 31 December 2022 are expected to be recognised within one year as the performance obligations are part of the contracts that have an original expected duration of one year or less.

An analysis of other income and gains and other expenses are as follows:

	2022	2021
	RMB'000	*RMB'000*
Other income and gains		
Bank interest income	**6,831**	6,297
Fair value gains on financial assets at fair value through profit or loss	**3,078**	–
Government grants	**44,408**	51,145
Foreign exchange gain, net	**982**	–
Others	**59**	–
	55,358	57,442
Other expenses		
Foreign exchange loss, net	**–**	10,008
Others	**654**	3
	654	10,011

4. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate:

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands ("**BVI**"), Netjoy Holdings Limited is not subject to tax on income or capital gains. In addition, upon payments of dividends by Netjoy Holdings Limited to its shareholder, no BVI withholding tax is imposed.

Hong Kong

Hong Kong profits tax was provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits of the Group's companies operating in Hong Kong during the year.

Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to Enterprise Income Tax ("**EIT**") at a rate of 25% on the taxable income. Preferential tax treatment is available to Netjoy Network, since it is certified as High and New Technology Enterprises, and Netjoy Network is subject to a preferential income tax rate of 15% from 2021 to 2023.

According to Several Opinions of the State Council on Supporting the Construction of Kashgar and Horgors Economic Development Zones (國務院關於支持喀什霍爾果斯經濟開發區建設的若干意見) promulgated on 30 September 2011, and Notice of the Preferential Policies of Enterprise Income Tax in the Two Special Economic Development Zones of Kashgar and Horgors in Xinjiang (財政部、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) promulgated by the Ministry of Finance of the PRC (中國財政部) and the State Administration of Taxation of the PRC (中國國家稅務總局) on 29 November 2011, from 2010 to 2020, the newly established enterprises in Kashgar and Horgors within the Catalog of Encouraged Industries in Poverty Areas of Xinjiang for Preferential Tax Treatment (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) granted the preferential tax treatment of five-year EIT exemption beginning from the first taxable year after the becoming profitable. Upon the expires of the tax exemption period, the local share of EIT would be exempted for another five years, and a subsidy would be granted by the Finance Bureau of the Development Zone in the form of rewards. Quantum Culture Media was entitled to the PRC tax bureau for EIT exemption from 1 January 2017 to 31 December 2021 and the exemption of EIT charged by local tax bureau according to Preferential Filing Record of EIT (企業所得稅優惠事項備案表) from 1 January 2022 to 31 December 2026 and obtained the related approval from the PRC tax bureau, which takes account for 40% of the total EIT.

According to the Implementation Opinions on Accelerating the Construction of Kashgar and Horgos Economic Development Zones (關於加快喀什、霍爾果斯經濟開發區建設的實施意見), from January 1, 2010 to December 31, 2020, enterprises newly established in the development zone that fall within the scope of the Catalogue of Enterprise Income Tax Preferences for Industries Encouraged to Develop in Difficult Areas of Xinjiang (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) will be exempted from enterprise income tax for five years from the tax year in which the first production and operation income is obtained. After the tax exemption period expires, the local share of EIT will be exempted for another five years, and the subsidy will be granted by the Finance Bureau of the Development Zone in the form of rewards. According to Preferential Filing Record of EIT (企業所得稅優惠事項備案表), thereinto, Quantum Data, the third-tier subsidiary of the Company, obtained the approval from the PRC tax bureau for entitlement of EIT exemption from 1 January 2022 to 31 December 2026.

Pursuant to the Notice on Enterprise Income Tax Policies for the Integrated Circuit Design and Software Industries (關於集成電路設計和軟件產業企業所得稅政策的公告) issued by the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC and with approval from the tax authorities in charge, one of the Group's subsidiaries, Tradeplus, is entitled to an exemption from CIT for two years, commencing from 2022, the first year that Tradeplus generates taxable profit, and a deduction of 50% on the CIT rate for the following three years.

	2022	2021
	RMB'000	*RMB'000*
Current income tax:		
Mainland China	**9,892**	18,676
Hong Kong	**196**	–
Deferred tax	**(33,739)**	(1,751)
	(23,651)	16,925

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate of 25% for Mainland China in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2022	2021
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(202,225)**	134,324
Tax at the statutory tax rate	**(50,556)**	33,581
Effect of different tax rates for specific provinces and countries or enacted by local authority	**14,030**	(24,084)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**(1,621)**	1,621
Loss attributable to associates	**1,332**	556
Additional deduction on research and development expenses	**(2,874)**	(1,419)
Tax losses utilised from previous periods	**(2,469)**	(4,276)
Tax losses and temporary differences not recognised	**17,823**	7,894
Expenses not deductible for tax	**684**	3,052
Tax (credit)/charge at the effective rate	**(23,651)**	16,925

5. DIVIDENDS

	2022	2021
	HK$'000	*HK$'000*
Proposed final – Nil (2021: HKD5 cents) per ordinary share	**–**	39,783

The Board did not recommend the payment of any dividend for the year ended 31 December 2022.

On 31 March 2021, the Board recommended a final 2021 dividend of HKD5 cents per share amounting to HKD39,783,000, which was equivalent to RMB33,898,000.

6. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 778,259,233 (2021: 797,932,452) in issue during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculation of basic earnings per share is based on:

	2022	2021
	RMB'000	*RMB'000*
Earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	**(178,057)**	117,399

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation*	**778,259,233**	797,932,452

* Because the diluted earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. There was no dilution effect on the ordinary shares for the year 2022 and 2021.

7. TRADE AND NOTES RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**1,639,543**	1,567,595
Notes receivables	**138,917**	–
Impairment	**(207,573)**	(56,111)
	1,570,887	1,511,484

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 210 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentrations of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Less than 1 year	**1,423,735**	1,510,197
1 to 2 years	**8,235**	1,287
	1,431,970	1,511,484

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**56,111**	43,054
Impairment losses, net	**151,462**	13,057
At end of year	**207,573**	56,111

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Expected credit loss rates	**Gross carrying amounts** *RMB'000*	**Impairment** *RMB'000*
Defaulted receivables	**100.00%**	**155,668**	**155,668**
Less than 1 year	**1.15%**	**1,440,263**	**16,528**
1 to 2 years	**75.43%**	**33,520**	**25,285**
2 to 3 years	**100.00%**	**4,545**	**4,545**
Over 3 years	**100.00%**	**5,547**	**5,547**
		1,639,543	**207,573**

As at 31 December 2021

	Expected credit loss rates	Gross carrying amounts *RMB'000*	Impairment *RMB'000*
Defaulted receivables	100.00%	29,925	29,925
Less than 1 year	1.06%	1,526,302	16,104
1 to 2 years	72.64%	4,701	3,415
2 to 3 years	100.00%	4,275	4,275
Over 3 years	100.00%	2,392	2,392
		1,567,595	56,111

8. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Within 90 days	**229,129**	142,742
91 to 365 days	**9,520**	2,306
Over 1 year	**3,334**	586
	241,983	145,634

The trade payables are non-interest-bearing and are normally settled within 30 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

2022 RESULTS HIGHLIGHTS

During 2022, despite the uncertainties in the global and domestic economic environment, we continued to implement our three long-term development strategies of "Platformization", "Diversification" and "Internationalization" with solid conviction. While continuing to invest in self-technology, products and services upgrade, we should continue its steady and steady steps against short-term market fluctuations and unexpected challenges. During the Reporting Period, based on our unique platform-based technology advantage in the short-video marketing industry and the commercialization of data accumulation, our short-video ecological business service system was increasingly improved, which continued to help more diverse corporate clients break the growth bottleneck and efficiently drive new business growth.

During the Reporting Period, under the influence of resurgence of epidemics across many parts of China and the tightening of epidemic prevention measures around the country, the level of socio-economic activity decreased significantly. Therefore, the demand for corporate marketing at a wide range of levels also narrowed down, which brought some resistance to the expansion of our business scale, while at the meantime there was more pressure on the operating costs of our new business segments in the development period. However, domestic enterprises are accelerating their digital transformation as the digital economy is one of China's leading economic development themes. They have more urgent needs for long-term elements such as cost reduction, efficiency increase, and sustainable development. We, as a technology solution platform with a technology-driven growth scale, are better to achieve long-term returns under this market demand. During the Reporting Period, we strengthened the "internal strength" of our business development by continuously polishing our technology and services and achieved stable business growth despite the challenging market environment based on our extensive and quality corporate client base.

During 2022, our total revenue reached RMB3,310 million, representing an increase of 6.01% compared to RMB3,122 million in 2021. We recorded a decrease in gross profit of RMB30.48 million in 2022 from RMB218.67 million in 2021, representing a year-on-year decrease of 86.06%. Net loss amounted to RMB178.57 million, and adjusted net loss was RMB199.13 million. The gross billing increased by 11.89% year-on-year from RMB6,579 million in 2021 to RMB7,361 million in 2022. As of 31 December 2022, our cash and bank balances amounted to RMB291 million, and we had sufficient cash reserves and a healthy financial structure.

Under the guidance of three long-term development strategies, we have gradually realized the commercial implementation of technology iteration and data application and steadily promoted the optimization and improvement of our service matrix, forming a service matrix based on short-video marketing solutions, SaaS services and brand live-streaming operation as the efficiency enhancement wheels, and strategically expanding our business into the fields of maker economy, brand cross-border services, virtual reality ("**VR**") content marketing, and local lifestyle consumption services. As a result of our continuously-developed business system and product matrix, we have expanded client base base from Key Accounts ("**KA**") to Small and Medium-sized Businesses ("**SMB**"). During the Reporting Period, we served 896 advertiser clients in a variety of industries, including internet services, online gaming, financial services, culture and media, and e-commerce. We have built a nationwide network of 375 local distributor partners and 2,998 SMB clients who have subscribed to our SMB-tailored software-as-a-service ("**SaaS**") tools. As of December 31, 2022, we have cumulatively served 16,789 advertisers across 252 sub-sectors of industry verticals. We believe that our strategic multi-discipline footprint and deep penetration across multiple industries further enhance the long-term viability of our business operations.

As we continue to seek breakthroughs and innovations in technology, products, services and content, we have continued to receive high recognition and awards from the industry during the Reporting Period, such as "Best TMT Company" at the 7th Zhitong Caijing Listed Companies Awards(第七屆智通財經上市公司評選「最佳TMT公司」), "Most Influential Mobile Marketing Company of the Year" at the 9th Top Mobile Awards(第九屆TMA移動營銷大獎「年度最具影響力移動營銷公司」), "2022 Silver Brand Service Provider" by Douyin E-Commerce(抖音電商2022銀牌品牌服務商), "Top 10 Emerging Partners of the Year" by 2022 Kuaishou-Magnetic Engine(2022磁力引擎「年度十佳新銳合作夥伴」), "Outstanding Partner of the Year" by 2022 Kuaishou-Magnetic Golden Bull Channel Department(2022磁力金牛渠道部「年度優秀合作夥伴」), "Innovation Breakthrough Award" at Ocean Engine Pipeline Partner Eco Conference(巨量引擎渠道合作夥伴生態大會「創新突破獎」), "Live Marketing Case Award by Douyin-Ocean Engine Co-engine Case Award"(巨量引擎共擎案例獎「直播營銷案例獎」), "Best Partner of the Year" by Alimama Creative Ecology Center(阿里媽媽創意生態中心「年度最佳合作夥伴」), "Most Potential Partner of the Year" by 2022 RED Channel Partner Conference(小紅書2022渠道合作夥伴大會「年度最具潛力合作夥伴」), "Agency Group - Silver Award" at the 15th ROI Awards(第十五屆金投賞商業創意獎「代理公司組•銀獎」), "Best Digital Marketing Platform of the Year" by the 13th Golden Mouse Digital Marketing Competition(第13屆金鼠標數字營銷大賽「年度最佳數字營銷平台」), and "Most Valuable Brand for Investment" at the 2022 China Information Innovation Industry Award by iiMedia Research(2022年中國信創產業拳頭獎「最具投資價值品牌」).

At the end of 2022, with the full liberalization of domestic epidemic control measures, the introduction of several policies to promote steady economic development and the potential signs of a warming international economic environment, we believe that the Group's efforts in technology accumulation, business expansion and product innovation during the Reporting Period will help us to quickly grasp the growth potential and opportunities in the market recovery in the future.

2022 BUSINESS REVIEW

During 2022, we further defined our three strategic directions of "Platformization", "Diversification" and "Internationalization". Based on our short-video marketing business, we strategically expanded to our SaaS services, brand live-streaming operation, maker economy, local lifestyle consumption, and VR content marketing. We fully leveraged the synergies of each business line to develop a technology service platform for the whole chain of short-video marketing ecology. During the Reporting Period, our online marketing solutions, SaaS services, and brand live-streaming operations have made positive progress with our maturing product matrix and iterative upgraded technology services.

Online Marketing Solutions

With the increase in the number of China's short-form video users and in user spent hours, the importance and essentiality of the short-video ecosystem as a source of Internet user acquisition and business growth for enterprises in various industries are increasing. The continuous penetration into the whole life scenario drives the short-video sector to have a broader business application scenario, providing numerous opportunities for our business development. During the Reporting Period, our short-video-based online marketing solutions served 896 advertisers and generated RMB7,361 million of gross billing.

At the same time, we are deeply insightful that as China's short video industry has entered into the maturity phase, domestic enterprises are facing or will soon face the dilemma of the rising customer acquisition costs and the growth bottleneck, and there is a strong demand for transformation from an extensive to an intensive growth model. Our integrated and platform-based technical service system composed of "hepai.video", "Tradeplus" and "Tianji" systems can help enterprise clients achieve long-term efficiency improvement in three aspects: scalable content production, accurate cross-platform advertising, and refined operation management. On the one hand, based on our industry-leading data-driven short-video production capacity, our monthly production capacity of commercial short video exceeded approximately 21,400 videos; the monthly production capacity per capita of our full-time video production team exceeded 359 videos, representing a 32.50% year-on-year increase.Meanwhile, the creator ecosystem built on our self-developed commercial video matchmaking and trading platform "hepai.video" has further expanded, connecting 761 video creators or organizations as of the end of the Reporting Period, up 22.74% year-on-year, further enhancing the high level of scale and automation of our content production. In addition, our one-stop cross-platform programmatic advertising and data management platform "Tradeplus" provides intelligent cross-platform ad placement strategies and utilizes algorithmic technologies such as attribution modelling to help our clients enhance the scalability and automation of control and management and the effectiveness of ad placement, leveraging our excellent big data management capabilities and continuously upgraded platform technologies. During the Reporting Period, based on our continuously optimized platform technology, our team's performance was further improved, and the gross billing per capita was RMB19.95 million, representing an increase of 33.72% year-on-year. As of December 31, 2022, the short videos we delivered and programmatically distributed had accumulated over 1,143.7 billion impressions and over 422.1 billion video views.

As a technology solution provider in the short-video marketing industry, we have accumulated a long history of experience in the industry methodology and fruitful results in artificial intelligence ("**AI**") technology, and we launched the industry's first cross-platform account management platform "Tianji" to further enhance the operational efficiency of our team across the entire short-video marketing chain during the Reporting Period. By providing functions of data overview, statement and transaction enquiry, independent account top-up and transfer, etc., "Tianji" enables clients to perform efficient cross-platform, multi-account self-management, which solves the industry pain point of over-reliance on manpower in the relevant industry chain through platform-based technology and further enhances our market competitiveness. At the end of the Reporting Period, "Tianji" had 170 registered users, and its quarterly transactions peaked at RMB1,114 million, demonstrating a positive development trend.

Our strong capabilities and high barriers based on platform-based technology have also further strengthened our direct partnership with essential short-video platforms in Mainland China. For example, during the Reporting Period, we further deepened our technical collaboration with the top short-video platforms on the underlying data layer, improving our closed data loop in sectors such as e-commerce and further enhancing our precision marketing capabilities. We have become a certified marketing science provider for the Yuntu-oceanengine (巨量雲圖) within Douyin ecosystem, tapping into the brand marketing-related data assets and further enhancing our full-chain integrated marketing capabilities. In addition, we have further expanded our diversified media resource matrix and continued to develop deeper business cooperation with leading content distribution platforms in China, such as RED (小紅書), Alibaba, and JD.com.

Meanwhile, leveraging on our leading technology and successful experience in the domestic market, as well as our partnerships with the top overseas short-video platform and strategic collaborations with domestic and international quality cross-border marketing companies and teams, we are deepening our international presence to capture business opportunities in the overseas short-video market. Currently, we have formed business partnerships with overseas maker economy companies (known as Multi-channel Network or "**MCNs**") in North America and are gradually expanding our service network in Southeast Asia to further combine our promising performance marketing technology and live e-commerce capabilities to provide comprehensive cross-border marketing services to domestic clients in consumer categories such as apparel, fast moving consumer goods, as well as food and beverage.

Benefiting from the high industry technology barrier we have built up over the years and our expanding media partner network, we have steadily expanded the size of our premium client base. In 2022, the number of advertisers we served increased to 896, and the average gross billing per advertiser exceeded RMB8.22 million. In addition, the industry type of our clientele was becoming more balanced and diversified, with the top industry being the internet services, which accounted for 28.4% of online marketing solutions revenue, and the second largest industry being the online gaming, which accounted for 26.8%.

SaaS Service

2022 was the second year since we initiated the short-video marketing SaaS service. With the expansion of our business and in-depth market insights and research, we found that large-scale enterprise clients in China generally have diverse and customized demands that are difficult to meet with a purely standardized commercial technology solution but require additional operational services and technology investment. Conversely, SMBs whose demands are still uncovered with high expectations for short-video marketing have homogeneous and uniform marketing needs. Their demands are massive in group wise even though individually small, and thus SMBs are more suitable to be served by a standardized product. Given this, we have strategically expanded the focus of our SaaS client strategy from the KA market to the SMB market.

During the Reporting Period, we have refined our technical experience accumulated from serving KA clients and launched SMB-tailored marketing cloud products such as "Yunshi Youke (雲視有客)", a short-video marketing operation management tool, and "Qunying (群映)", a short-video programmatic creative marketing solution. With a one-stop service model, "Yunshi Youke" helps SMBs to complete the whole chain of marketing operations, including the construction of enterprise accounts based on the short-video platform, automatic generation and delivery of short videos, and user tracking and engagement. "Qunying" uses AI technology to provide automatic generation of video scripts, intelligent editing, massive content optimization, and cross-platform multi-account distribution to enhance SMBs' effectiveness in short-video marketing through programmed creative production and management. As the first of its kind in the industry, this series of products for SMBs was recommended on the official home webpage of "Qunfeng Service Marketplace (群峰服務市場)", the official online marketing platform of Ocean Engine and Douyin E-commerce. In addition, our "Tianji" platform has gradually expanded its coverage from large-scale enterprise clients to SMB clients, providing a stable and effective infrastructure for increasing the number of clients, improving the efficiency of our synergy network, and efficiently expanding our business scale in the process of penetrating into the small and medium-sized client market.

As of December 31, 2022, we have established a comprehensive national distributor network, having partnered with 375 local distributor partners after rigorous qualification screening. At the end of the Reporting Period, 2,998 SMBs subscribed and used our SaaS service through our local distributor network, generating a total subscription contract value of RMB34.32 million and contributing to the Company's overall profit. We believe that our SMB-market client strategy focusing on SaaS service will be an essential component of our long-term growth potential.

Brand Live-streaming Operation

In 2022, we continued to enhance our professional and systematic brand live-streaming operation services. As of the date of this announcement, with our core competencies in precision marketing, content creation, live-streaming operation, and integrated marketing across the entire chain, we were awarded a three-star rating as a service provider by the e-commerce advertising platform "Shopping Ads (巨量千川)" under Ocean Engine. During the Reporting Period, through our professional live-streaming centers and operation teams in Shanghai and Xi'an, we provided one-stop brand live-streaming operation services to 33 domestic and international brands in categories such as apparel, pet food, food and daily chemical, covering short-video content generation, precise marketing, live-streaming planning and operation, data management and analysis, and other aspects of live-streaming e-commerce operation. In addition, we have started to develop an entire e-commerce channel, starting from 3C digital and daily necessities categories, where we already have an industry advantage, to build a complete chain of live-streaming e-commerce service matrix gradually. Despite the impact of the epidemic in the PRC, leveraging our digital marketing technology and professional and flexible live-streaming operation capabilities, our e-commerce service businesses, including the brand live-streaming operation business, achieved a 293.83% year-on-year increase in effective gross merchandise volume (effective GMV), reaching RMB287.22 million in 2022.

Looking back in 2022, several complex global factors affected the macroeconomic environment and the changing landscape of the Internet industry. However, we persisted in our three major development strategies of "Platformization", "Diversification" and "Internationalization" to proactively solve the unexpected short-term challenges that emerged in the market. We have adopted a long-term approach to our business deployment, firmly enhancing our technological development as well as our client service capabilities to continuously widen and strengthen our competitive barrier in the industry and consolidate and enhance our dominant position in the field of short-video marketing.

BUSINESS OUTLOOK

In the future, we will continue to grow under our strategic guidance of "Platformization", "Diversification" and "Internationalization". We will create a global media network based on short-video marketing, explore the business potential of AI technology and SaaS platforms, and expand into multiple business segments with synergies to form a complete short-video ecological service business system. In 2023, we will develop our business around the following five key areas.

Enhancing the development and application of the latest digital technologies to expand the application of AI technology

As a technology innovator, we will continue to focus on the development of our technology assets and continue to deepen our research in the areas of automatic generation of video creative and content modelling of metaverse scenarios. We will focus on Generative AI ("**AIGC**") technology, chat-generated pre-training transformation model (ChatGPT), 3D modelling of digital human and virtual scenes as well as others, to enhance the commercialization capabilities of AI technologies in the areas of content production and scalable operation and management, in order to achieve cost reduction, output enhancement and results optimization across the entire short-video marketing chain. Until now, we have equipped our SMB-tailored SaaS tools with the application capability of AIGC technology at the graphic level and will further unlock the commercial potential of related technology application at the video creation level in the future.

We will also continue to work with partners in content and technology wise to provide technology solutions for VR/AR content marketing and commercial applications of digital humans according to specific client projects, and gradually build platform-based tools for metaverse applications based on the technology and experience accumulated during the project implementation process. We believe that the effective replication of our technical know-how in the short-video field will help us to gain a first-mover advantage in the industry upgrade and open up new horizons for development.

Improving international media resources and deepening multi-faceted cooperation with platforms

With several overseas media platforms deploying the short-video content and developing the related commercial scenarios, we will accelerate our expansion into mainstream overseas media platforms by leveraging our accumulated technical capabilities and successful methodologies in the domestic short-video marketing industry. In addition, we will organically integrate our endogenous and exogenous strengths by collaborating with quality overseas companies or teams in various fields, including brand marketing companies and MCN institutions in North America, Southeast Asia, and other overseas regions, and combining our own strengths in short-video marketing and brand live-streaming e-commerce to accelerate our deployment in overseas markets and broaden our service matrix for cross-border marketing.

At the same time, in the face of the ever-changing Internet market and media ecosystem in China, as well as evolving user behavior, we will continue to keep pace with the development of the industry and provide our corporate clients with up-to-date services by deepening and broadening our close cooperation with various media platforms, thereby including new key client segments.

Developing the layout across the e-commerce industry chain and strengthening our penetration in key verticals

Based on our deep penetration in the e-commerce industry, we will continue to extend our brand live-streaming operation business, combining our technical advantages in the marketing field, expertise in live-streaming e-commerce, diversified sales channel matrix, and our in-depth cultivation and insight in digital products, daily chemical, maternity and baby care and other advantageous consumer categories, to accelerate our penetration in the upstream and downstream of the e-commerce industry chain, to form a full e-commerce industry chain of "people, goods, and place" based on the short-video ecology.

In addition, with our iterative technology products and expanded professional services, we will further strengthen our penetration in vertical industries, such as local lifestyle, culture and entertainment, and hasten the expansion and accumulation of new business forms, platform resources and eco-partner base which are more diversified and covers more vertically integrated industries. Our deeper footprint in the verticals will help us build a differentiated competitive advantage in the sub-sectors and enable us to combine the short-term growth needs and long-term business value of the verticals, further enhancing the scalability of our business landscape.

Continuing to expand diversified business matrix to tighten client relationship

Driven by the wave of China's digital economy, Chinese enterprises are raising multiple development needs in the process of digital transformation. As a pioneer in the field of short-video marketing, we will continue to improve our business service system through innovation in technology, services and content, providing more diversified products and services such as cloud service solutions, brand live-streaming operation, maker economy, brand cross-border marketing and VR content marketing to build closer and deeper relationships with our clients. At the same time, we will make a unique matrix of resources to further expand our client service scope in related areas and explore the development potential of each business line.

In addition, we expect the offline economy to eventually recover and accelerate its integration with the online economy as the country's anti-epidemic policy is optimized and the offline consumption life of residents recovers. Based on our in-depth deployment in the Internet market and online media ecosystem, we will penetrate offline business scenarios such as local lifestyle to promote offline and online business synergy and further expand our business scale.

Keeping upgrading organic platform-based technology to enhance scalable operational efficiency

As the short-video market enters the maturity phase, short-video marketing is becoming increasingly refined in operation and management, and the market will demand a higher degree of mechanization and automation in the relevant parts of the industry chain. We will continue to uphold our business development concept of "technology-driven growth" and further integrate and upgrade our internal technology capabilities in a platform-based manner to enhance our operational efficiency and effectiveness across the entire short-video marketing chain, including content production, cross-platform precision distribution, cross-platform account operation management and data analysis. For example, during the Reporting Period, we deployed our own cross-platform and cross-account capital management technology capabilities into the public domain, launching the industry's first cross-platform and account management platform "Tianji" and connecting it with our self-developed one-stop cross-platform programmatic advertising and data management platform "Tradeplus" to further improve the operational efficiency of our internal team.

Meanwhile, based on our data assets and well-developed underlying technology platform in the field of short-video marketing, we will refine our key technology capabilities to efficiently build technical platforms in the areas of live-streaming e-commerce, maker economy and local lifestyle consumer services, to tech-drivingly empower our team to efficiently achieve scalable expansion of key businesses.

Based on the above five key development areas, we will also actively and selectively seek strategic cooperation or investment and acquisition opportunities with outstanding external companies to form long-term business synergies and accelerate the layout and development of our business ecology.

IMPACT OF COVID-19

During the Reporting Period, the resurgence of COVID-19 in several regions of China and the macroeconomic uncertainty had an impact on the overall advertising market in China. In addition, the preventive and control measures taken by the local government in China to effectively control the epidemic situation had a certain degree of impact on some of our short-video production operations and brand live-streaming operations, both of which involves real people and on-site filming, and the development of new businesses. However, the Company had been proactive and timely in adjusting the business operation strategies. For example, in the first half of 2002, during the outbreak of the epidemic in Shanghai and under the restrictive control by local government, we moved some of our short-video production capacity from Shanghai to Xi'an, and rapidly and adequately supported and helped our employees execute live-streaming operations at home in order to ensure the stability of our client service.

With the rapid release of China's COVID-19 control measures at the end of 2022, socio-economic activities in the country are gradually returning to normal. As a result, we remain cautiously optimistic for 2023 based on our industry-diversified and high-quality client base, enriched business segments, and industry-leading technical capabilities. At the same time, we have observed that as advertisers have higher requirements for advertising effectiveness, more and more advertisers are allocating more marketing budgets to mobile-end and performance-based advertising, especially short-video marketing, which could benefit our short-video commercialization business. Meanwhile, the live-streaming e-commerce took off under COVID-19. More and more brands quickly realized the importance of establishing their own live-streaming accounts, which could be beneficial to the development of our brand live-streaming operation business. With our technical advantages in big data management and AI algorithms, we can quickly and effectively seize new growth opportunities brought by industry trends.

However, the variability and transmit speed of COVID-19 and the uncertainty of the global macro environment may cause a longer period of global economic slowdown, affecting the overall market sentiment and advertising budget of brand advertisers, and thus bringing certain uncertainties to our "online marketing solutions business" in the short term. In this regard, in 2023, we will continue to maintain the healthy development of each business segment and maintain the stability and profitability of the Company's overall business through flexible and timely resource allocation. The Company's management will continue to pay close attention to the impact of relevant macro issues on our business operations and financial results, and particularly monitor and effectively manage client retention and accounts receivable recoverability.

FINANCIAL REVIEW

Year ended December 31, 2022 compared to year ended December 31, 2021

	Notes	**2022**	2021
		RMB'000	*RMB'000*
REVENUE	*3*	**3,310,085**	3,122,492
Cost of sales		**(3,279,603)**	(2,903,822)
Gross profit		**30,482**	218,670
Other income and gains	*3*	**55,358**	57,442
Selling and distribution expenses		**(12,338)**	(15,797)
Administrative expenses		**(67,967)**	(76,857)
Impairment losses on financial assets, net		**(167,058)**	(13,057)
Research and development expenses		**(8,801)**	(7,929)
Other expenses	*3*	**(654)**	(10,011)
Finance costs		**(25,918)**	(15,912)
Share of losses of associates		**(5,329)**	(2,225)
(LOSS)/PROFIT BEFORE TAX		**(202,225)**	134,324
Income tax credit/(expense)	*4*	**23,651**	(16,925)
(LOSS)/PROFIT FOR THE YEAR		**(178,574)**	117,399
Attributable to:			
Owners of the parent		**(178,057)**	117,399
Non-controlling interests		**(517)**	–
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For (loss)/profit for the year	*6*	**RMB(22.9) cents**	RMB14.7 cents

	2022 *RMB'000*	2021 *RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(178,574)**	117,399
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**–**	(400)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**–**	(400)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	(400)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(178,574)**	116,999
Attributable to:		
Owners of the parent	**(178,057)**	116,999
Non-controlling interests	**(517)**	–

Key Financial Ratios

	Year ended December 31,	
	2022	2021
Gross profit margin (%)[(1)]	**0.92**	7.00
Net profit margin (%)[(2)]	**(5.39)**	3.76
Current ratio (times)[(3)]	**2.27**	2.74
Adjusted net profit margin(%)[(4)]	**(6.02)**	4.69
Debt-to-asset ratio (times)[(5)]	**0.42**	0.36

Notes:

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

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

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

(4) Equals to adjusted net profit divided by revenue for the year and multiplied by 100%. For the reconciliation from net profit to adjusted net profit, see "Non-IFRS Measures: Adjusted Net Profit" below.

(5) Debt-to-asset ratio is calculated based on total liabilities divided by total assets.

Revenue

We generate our revenue primarily from the provision of (i) our one-stop online marketing solutions to advertisers directly or through advertising agencies; (ii) SaaS; and (iii) other business. Our total revenue increased by 6.01% from RMB3,112.49 million in 2021 to RMB3,310.09 million in 2022, which was mainly attributable to the increase in the revenue from our online marketing solution business and other business.

Revenue by business segments

The following table sets forth our revenue by business segments for the years indicated:

	Year ended December 31,			
	2022		2021	
	(RMB'000)	***% of the total***	*(RMB'000)*	*% of the total*
Online marketing solutions business	**3,256,189**	**98.4**	3,073,528	98.4
SaaS service	**14,862**	**0.4**	32,878	1.1
Other business[1]	**39,034**	**1.2**	16,086	0.5
Total	**3,310,085**	**100.0**	3,122,492	100.0

Note:

(1) Other business include pan-entertainment content services business and live streaming business.

We enter into annual framework agreements with our advertising customers and charge them for our online marketing solutions based primarily on a mix of oCPM, oCPC and CPC. Our online marketing solutions business grew stably during the Reporting Period, benefiting from the increased recognition of short video marketing by both audiences and advertisers and the popularity of short video marketing. Revenue generated from our online marketing solutions business accounted for 98.4% of our total revenue for the year ended December 31, 2022.

Revenue from online marketing solutions business by type of advertising customers

Our advertising customers include primarily advertisers, and to a lesser extent, advertising agencies.

The table below sets forth a breakdown of revenue generated from our online marketing solutions business by type of advertising customers for the years indicated:

	Year ended December 31,			
	2022		2021	
	(RMB'000)	***% of the total***	*(RMB'000)*	*% of the total*
Advertisers	**3,006,788**	**92.3**	2,990,636	97.3
Advertising agencies	**249,401**	**7.7**	82,892	2.7
Total	**3,256,189**	**100.0**	3,073,528	100.0

Revenue from online marketing solutions business by industry verticals

The advertisers we serve operate in a wide array of industry verticals, which primarily include online gaming, financial services, e-commerce, internet services, advertising and culture & media.

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

	Year ended December 31,			
	2022		2021	
	(RMB'000)	***% of the total***	*(RMB'000)*	*% of the total*
Online gaming	**872,553**	**26.8**	717,259	23.3
Financial services[1]	**744,662**	**22.9**	562,636	18.3
E-commerce	**120,607**	**3.7**	383,485	12.5
Internet services	**923,692**	**28.4**	936,286	30.5
Advertising	**271,084**	**8.3**	68,905	2.2
Culture & media	**318,141**	**9.8**	315,816	10.3
Others[2]	**5,450**	**0.1**	89,141	2.9
Total	**3,256,189**	**100.0**	3,073,528	100.0

Notes:

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

(2) Others mainly include business services and healthcare.

For the year ended December 31, 2022, internet services was our largest group of advertising customers. Our revenue generated from internet services accounted for 30.5% and 28.4% of our total revenue derived from online marketing solutions business for the years ended December 31, 2021 and 2022, respectively.

For the year ended December 31, 2022, we further explored other industry verticals, such as advertising. Our revenue generated from advertising, as a percentage of our total revenue generated from online marketing solutions business, increased from 2.2% in 2021 to 8.3% in 2022.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,			
	2022		2021	
	(RMB'000)	***% of the total***	*(RMB'000)*	*% of the total*
Traffic acquisition cost	**3,153,508**	**96.2**	2,788,409	96.0
Employee benefit expenses	**42,611**	**1.3**	48,352	1.7
Others[(1)]	**83,484**	**2.5**	67,061	2.3
Total	**3,279,603**	**100.0**	2,903,822	100.0

Note:

(1) Others primarily comprise costs in relation to the rental of servers and the outsourcing of content production.

Our cost of sales primarily consists of traffic acquisition cost, employee benefit expenses and others. In 2022, traffic acquisition cost constituted the largest portion of our cost of sales, and others constituted the second largest portion of our cost of sales. For the years ended December 31, 2021 and December 31, 2022, our traffic acquisition costs amounted to RMB2,788.4 million and RMB3,153.5 million, respectively, accounting for approximately 96.0% and 96.2%, respectively, of our total cost of sales for the respective years, which was in line with our business expansion. For the years ended December 31, 2021 and December 31, 2022, our employee benefit expenses amounted to RMB48.4 million and RMB42.6 million, respectively, accounting for approximately 1.7% and 1.3%, respectively, of our total cost of sales for the respective years, which was attributable to the company's optimization of business structure, cost reduction and efficiency improvement. For the years ended December 31, 2021 and December 31, 2022, our others costs amounted to RMB67.1 million and RMB83.5 million, respectively, accounting for approximately 2.3% and 2.5%, respectively, of our total cost of sales for the respective years, which was attributable to the rising operating expenses.

The following table sets forth a breakdown of our cost of sales by service offerings and revenue recognition methods for the years indicated:

	Year ended December 31,			
	2022		2021	
	(RMB'000)	***% of the total***	*(RMB'000)*	*% of the total*
Online marketing solutions business	**3,243,161**	**98.9**	2,891,782	99.6
SaaS service	**9,820**	**0.3**	601	0.0
Other business(1)	**26,622**	**0.8**	11,439	0.4
Total	**3,279,603**	**100.0**	2,903,822	100.0

Note:

(1) Other business include pan-entertainment content services business and live streaming business.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service offerings and revenue recognition methods for the years indicated:

	Year ended December 31,			
	2022		2021	
	Gross profit (RMB'000)	***Gross profit margin %***	*Gross profit (RMB'000)*	*Gross profit margin %*
Online marketing solutions business	**13,028**	**0.4**	181,746	5.9
SaaS service	**5,042**	**33.9**	32,277	98.2
Other business(1)	**12,412**	**31.8**	4,647	28.9
Total	**30,482**	**0.9**	218,670	7.0

Note:

(1) Other business include pan-entertainment content services business and live streaming business.

Our gross profit consists of our revenue less cost of sales. The Group recorded gross profit of RMB30.48 million in 2022, representing an decrease of 86.06% as compared to the gross profit of RMB218.67 million in 2021.

Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. Gross profit margin decreased from 7.0% in 2021 to 0.9%, mainly attributable to both the Group and its clients were affected and challenged by the COVID-19 pandemic and the unstable global macro-environment. In order to effectively ensure the stable and close cooperative relationship with high-quality clients and multiple media platforms, the Group has made some concessions on gross profit, and finally achieved steady progress in business and revenue scale.

Other Income and Gains

Our other income and gains decreased from RMB57.44 million for the year ended December 31, 2021 to RMB55.36 million for the year ended December 31, 2022, which was mainly consist of the amount of valued-added tax deduction and government subsidies enjoyed by the Group throughout the year, as well as the reason for this year's decline is the decrease in listing subsidies from the park during the year.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee benefit expenses for our sales and marketing staff; (ii) entertainment expenses for the maintenance and management of customer relationships; and (iii) travelling expenses for the transportation and accommodation of business travels of our sales and marketing staff.

Our selling and distribution expenses decreased from RMB15.80 million in 2021 to RMB12.34 million in 2022, which was mainly attributable to the Company optimized its business structure, reduced costs and increased efficiency. And at the same time, due to the epidemic, entertainment and travel activities decreased accordingly.

General and Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses; (ii) professional fees; (iii) depreciation and amortization expenses; (iv) office and rental expenses; (v) travelling expenses; and (vi) entertainment expenses for hospitality.

Our administrative expenses gradually decreased from RMB76.86 million for the year ended December 31, 2021 to RMB67.97 million for the year ended December 31, 2022, which was mainly attributable to optimization of the company's organizational structure, resulting in cost reduction and efficiency increase.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net represent provisions of impairment of trade receivables, net of reversal. We recorded impairment losses on financial assets, net of RMB167.06 million in 2022, which was mainly attributable to the general provision made by us for the credit loss of trade receivables.

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee benefit expenses; (ii) outsourcing development expenses; and (iii) others mainly consisting of server rental expenses. Our research and development expenses increased by 10.97% from RMB7.93 million for the year ended December 31, 2021 to RMB8.80 million for the year ended December 31, 2022, which was mainly attributable to the increase in the number of R&D personnel and their average salary level.

Other Expenses

Our other expenses decreased from RMB10.01 million for the year ended December 31, 2021 to RMB0.65 million for the year ended December 31, 2022, which was mainly attributable to the loss of asset disposal.

Finance Costs

Our finance costs increased from RMB15.91 million for the year ended December 31, 2021 to RMB25.92 million for the year ended December 31, 2022. The increase in finance costs was mainly due to the corresponding increase of RMB8.76 million in the interest expenses of our bank borrowings resulting from the increase in bank borrowings in line with business expansion.

Income Tax Credit

For the year ended December 31, 2022, we recorded an income tax credit of RMB23.65 million, while the income tax expense for the year ended December 31, 2021 was RMB 16.93 million. The related deferred tax assets and deferred tax liabilities attributable to the subsidiary on December 31, 2022 are calculated according to the applicable tax rate in the future. The deferred income tax credit of RMB33.74 million is recognized in this Reporting Period, which is mainly related to the deferred income tax assets recognized by the temporary differences in the impairment of financial assets.

Profit for the Year

As a result of the above, our profit for the year decreased by 252.10% from RMB117.4 million for the year ended December 31, 2021 to a loss of RMB178.57 million for the year ended December 31, 2022. Our net profit margin for the year ended December 31, 2021 was 3.76% and our net loss margin for the year ended December 31, 2022 was 5.39%.

Non-IFRS Measure: Adjusted Net Profit

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit as additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as it help our management.

However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

The following tables reconcile our adjusted net profit for the years presented to the most directly comparable financial measures calculated and presented in accordance with IFRS:

	Year ended December 31,	
	2022	2021
	(RMB in millions)	
Net (loss)/profit for the year	**(178.57)**	117.4
Add:		
One-off income	**–**	(10.0)
Share-based compensation	**4.07**	12.2
Foreign exchange differences	**(0.98)**	10.01
Income tax expense	**(23.65)**	16.93
Adjusted net (loss)/profit[(1)]	**(199.13)**	146.54

Note:

(1) Adjusted net (loss)/profit: Net profit for the period adjusted by adding back one-off income, listing expenses, sharebased compensation, foreign exchange differences and income tax expenses incurred during the respective period.

Liquidity and Financial Resources

Our business operations and expansion plans require a significant amount of capital, including acquiring user traffic from online publishers, enhancing our content production capabilities, improving our big data analytics and AI capabilities, upgrading our proprietary DMP and other infrastructures as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank and other borrowings, and capital contributions from shareholders of the Company (the "**Shareholders**"). As at December 31, 2021 and 2022, our cash and bank balances significantly decreased from RMB636.31 million to RMB290.81 million, mainly attributable to the replenishment of working capital with the expansion of business scale.

The table below sets out our cash and bank balance as of December 31, 2022 and December 31, 2021, respectively:

	2022	2021
	RMB'000	*RMB'000*
Cash and bank balance	**290,807**	636,311
Denominated in RMB	**217,589**	635,578
Denominated in HKD	**364**	616
Denominated in USD	**72,854**	117
	290,807	636,311

As at December 31, 2022, our bank loans amounted to approximately RMB574.73 million (as at December 31, 2021: approximately RMB612.47 million). Our bank loans are denominated in Renminbi. The interest rates on our bank loans ranged from 3.55% to 4.30% (for the year ended December 31, 2021: 3.00% to 4.95%) per annum and the terms of the loans ranged from three months to one year. We will repay the above borrowings in due course on maturity.

Capital Expenditures

Our capital expenditures in 2022 primarily consists of expenditures on (i) property, plant and equipment for office equipment and leasehold improvement; and (ii) intangible assets for software and the user right of a website.

The following table sets out our net capital expenditure as at the dates indicated:

	As at December 31,	
	2022	2021
	(RMB in millions)	
Property, plant and equipment	**1.55**	8.32
Intangible assets	**16.29**	12.71
Total	**17.84**	21.03

We incurred capital expenditures of approximately RMB17.84 million for the year ended December 31, 2022, primarily related to office furniture and decoration as well as purchases of servers, software and website. We intend to fund our planned capital expenditures through cash generated from operations.

Pledge of Assets

As at December 31, 2022, no bank loans were secured by the pledge of the Group's deposit (2021: RMB100,118,000) and guaranteed by certain subsidiaries of the Group.

Foreign Exchange Risk Management

Foreign exchange risk refers to the risk of loss caused by the changes in foreign exchange rates. The operations of the Group are mainly located in the PRC with most transactions denominated and settled in Renminbi. The Group will closely monitor the relevant situation and take measures when necessary to ensure that the foreign exchange risk is within the controllable range.

Contingent Liabilities

As of December 31, 2022, we did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

Employees

As of December 31, 2022, we had 369 full-time employees, including 340 in Shanghai, 21 in Beijing, and 8 in Xinjiang. As of December 31, 2022, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

Our employees typically enter into standard employment contracts with us. We place high value on recruiting, training and retaining our employees. We maintain high recruitment standards and provide competitive compensation packages. Remuneration packages for our employees mainly comprise base salary and bonus. We also provide both in-house and external trainings for our employees to improve their skills and knowledge. For the year ended December 31, 2022, total staff remuneration expenses including Directors' remuneration amounted to RMB104.18 million.

We contribute to social security insurance and housing provident funds for our employees in accordance with applicable PRC laws, rules and regulations in all material aspects.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. The Company has adopted a post-IPO share option scheme and a restricted share unit scheme (the "**Restricted Share Unit Scheme**"). As at December 31, 2022, the Trustee had purchased a total of 20,470,000 Shares in the market under the restricted share unit scheme adopted by the Company on October 18, 2021, representing approximately 2.573% of the total number of Shares in issue as at the date of this announcement (i.e. 795,658,000 Shares).

RETIREMENT AND EMPLOYEE BENEFITS SCHEMES

The Group only operate defined contribution pension plans. The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the pension scheme.

MATERIAL ACQUISITION, DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND SIGNIFICANT INVESTMENT

On December 16, 2022 (after trading hours), Netjoy Digital (Xi'an) Information Technology Co., Ltd (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, and Xi'an Fengdong Free Trade Industrial Park Development Co., Ltd (the "**Vendor**") entered into the Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the property ("the **Property**"), which is located at Building 9, Fengdong Free Trade Industrial Park Phase II, No. 2168 Zhenghesi Road, Fengdong New City, Xixian New District, Xi'an, Shaanxi Province, China,which has a total of five floors and a gross floor area of approximately 5,131.49 square meters. The Property is not and has not been used for lease. The Company intends to use the Property as the Group's office, at the consideration of RMB65,000,000. For the year ended December 31, 2022, the Purchaser did not pay any consideration. As at January 19, 2023 and up to the date of this announcement, the Purchaser has paid the first installment of the consideration of RMB13,000,000. For details, please refer to the announcement of the Company dated December 16, 2022.

In addition to those disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period. As of December 31, 2022, the Group did not hold any significant investment.

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds received from the global offering of the Company in December 2020 (the "**Global Offering**"), after deducting the underwriting fees and commissions and expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$1,296.93 million. The Company did not receive any of the net proceeds from the sale of the over-allotment shares by the over-allotment option grantors in January 2021. The net proceeds from the Global Offering for the year ended December 31, 2022 were applied as follows:

	Revised Approximate Percentage of The total Net proceeds	Revised Net Proceeds from the Global Offering *(HKD in millions)*	Revised/ Net Proceeds unutilized as of December 31, 2021 *(HKD in millions)*	Net Proceeds utilized during the Reporting Period *(HKD in millions)*	Remaining Net proceeds as of December 31, 2022 *(HKD in millions)*	Expected time to utilize the remaining net proceeds in full
Enhancing research and development capabilities and upgrading information technology infrastructure						
Upgrading information technology infrastructure	4.1%	53.24	26.00	**26.00**	**0.00**	N/A
Upgrading proprietary DMP	0.0%	0.00	0.00	**0.00**	**0.00**	N/A
Upgrading full service content,production, exchange and distribution platform	0.0%	0.00	0.00	**0.00**	**0.00**	N/A
Visual optimization of Huabian Platform	0.0%	0.00	0.00	**0.00**	**0.00**	N/A
Expanding business						
Enlarging advertiser and media partner bases	73.1%	947.68	320.48	**320.48**	**0.00**	N/A
Enhancing content production capabilities	5.5%	71.60	0.00	**0.00**	**0.00**	N/A
Expanding domestic and international footprints	3.7%	47.93	0.00	**0.00**	**0.00**	N/A
Pursuit of strategic investments and acquisitions	3.6%	46.79	46.30	**46.30**	**0.00**	N/A
Working capital and general corporate purposes	10.0%	129.69	24.46	**24.46**	**0.00**	N/A
Total	100.0%	1,296.93	417.24	**417.24**	**0.00**	

As at December 31, 2022, the Group had utilized the net proceeds from the global offering of HK$1,296.93 million, and no net proceeds were remaining.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the section headed "use of the net proceeds from the global offering", the Group did not have any future plans of material investment and capital assets as at the date of this announcement.

SUBSEQUENT EVENTS

As of the date of this announcement, the Group had no material events subsequent to the Reporting Period.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended December 31, 2022 (December 31, 2021: HKD39,783,000).

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "**AGM**") held on Thursday, June 15, 2023, the register of members of the Company will be closed from Monday, June 12, 2023 to Thursday, June 15, 2023, both days inclusive, during which no transfer of Shares will be registered. To qualify for attending and voting at the AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, June 9, 2023 for registration of the relevant transfer.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its governance code.

During the Reporting Period, the Company has always complied with all the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors and each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended December 31, 2022, none of the Company or any of its subsidiaries or its Consolidated Affiliated Entities had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), consisting of two independent non-executive Directors, namely, Mr. CHEN Changhua (Chairman) and Dr. RU Liyun, and one non-executive Director, namely Mr. DAI Liqun. Written terms of reference have been adopted for the Audit Committee, which clearly specify its duties and responsibilities and are available for inspection on the websites of the Company and the Stock Exchange.

The Audit Committee has, together with the senior management and the Company's external auditor of the Company, reviewed the accounting principles and practices adopted by the Group, and reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2022.

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended December 31, 2022 as agreed with the Company's external auditors.

AUDITOR'S SCOPE OF WORK

The figures in respect of the Group's consolidated statements of financial position, consolidated statements of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an 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 Ernst & Young on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.netjoy.com). The annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By order of the Board
Netjoy Holdings Limited
XU Jiaqing
Chairman of the Board

Shanghai • China, March 31, 2023

As at the date of this announcement, the Board comprises Mr. XU Jiaqing, Mr. WANG Chen, Mr. LIN Qian and Ms. ZHA Lijun as executive Directors; Mr. DAI Liqun and Mr. WANG Jianshuo as non-executive Directors; and Mr. CHEN Changhua, Dr. RU Liyun and Ms. CUI Wen as independent non-executive Directors.