多想雲

MANY IDEA CLOUD

Many Idea Cloud Holdings Limited

多想雲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6696

2022

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTOR

Executive Director

Mr. Liu Jianhui *(Chairman of the Board and Chief Executive Officer)*
Ms. Qu Shuo
Ms. Huang Tingting (resigned on 29 March 2023)
Mr. Chen Shancheng
Mr. Chen Zeming

Independent Non-executive Director

Ms. Wang Yingbin
Ms. Wong Yan Ki, Angel
Mr. Tian Tao
Ms. Xiao Huilin (appointed on 15 February 2023)

COMPANY SECRETARY

Ms. Tang Wing Shan Winza

AUTHORISED REPRESENTATIVE

Mr. Liu Jianhui
Ms. Tang Wing Shan Winza

AUDIT COMMITTEE

Ms. Wong Yan Ki, Angel *(Chairperson)*
Ms. Wang Yingbin
Mr. Tian Tao

REMUNERATION COMMITTEE

Ms. Wang Yingbin *(Chairperson)*
Ms. Wong Yan Ki, Angel
Mr. Tian Tao

NOMINATION COMMITTEE

Mr. Tian Tao *(Chairperson)*
Ms. Wang Yingbin
Ms. Wong Yan Ki, Angel

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

PRINCIPAL BANKER

Shanghai Pudong Development Bank Co., Ltd
Xiamen Guanyinshan Sub-branch
No.2 of Unit 101
No.161 Taidong Road
Siming District Xiamen Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2408, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

HEADQUARTERS IN THE PRC

12/F, ERKE Group Mansion
11 Guanyin Shan
Hualien Road
Siming District
Xiamen
Fujian Province
PRC

AUDITOR

BDO Limited
Certified Public Accountants
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

HONG KONG LEGAL ADVISER

WAN & TANG
Room 2408, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPLIANCE ADVISER

Zhongtai International Capital Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

COMPANY WEBSITE

www.manyidea.cloud

STOCK CODE

6696

FINANCIAL HIGHLIGHTS

The following is a summary of the Group's published results, assets and liabilities for the past four financial years. The financial information as of 31 December 2022 has been extracted from the financial statements contained in the annual report for 2022, while the financial information for 2019, 2020 and 2021 has been extracted from the Company's prospectus dated 28 October 2022.

	For the year ended 31 December			
	2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Revenue	**498,329**	353,300	308,377	391,038
Gross profit	**179,630**	114,536	74,642	129,347
Profit before income tax	**90,731**	79,368	36,944	98,595
Profit for the year	**67,700**	64,741	31,784	80,024
Adjusted EBITDA *(Note 1)*	**138,573**	100,676	41,204	103,693
Adjusted net profit *(Note 1)*	**89,883**	73,396	31,784	80,024
Profitability ratios				
Gross profit margin *(Note 2)*	**36.0%**	32.4%	24.2%	33.1%
Net profit margin *(Note 3)*	**13.6%**	18.3%	10.3%	20.5%
Return on equity *(Note 4)*	**12.5%**	36.9%	11.5%	32.9%

Notes:

1. Adjusted EBITDA and adjusted net profit are calculated based on the net profit for the year before listing expenses for the listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange (the "Listing").

2. Gross profit for the year divided by revenue for the year and multiplied by 100%.

3. Profit for the year divided by revenue for the year and multiplied by 100%.

4. Return on equity ratio is calculated by dividing profit for the year attributable to the owners of the Company by total equity attributable to the owners of the Company as at year end and multiplying 100%.

	As at 31 December			
	2022	2021	2020	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Assets				
Non-current assets	**135,562**	101,977	19,313	21,301
Current assets	**580,990**	247,762	352,162	290,067
Total assets	**716,552**	349,739	371,475	311,368
Liabilities				
Non-current liabilities	**859**	4,018	5,665	11,018
Current liabilities	**170,833**	192,212	89,958	56,795
Total liabilities	**171,692**	196,230	95,623	67,813
Equity				
Equity attributable to owners of the Company	**543,347**	151,972	229,288	202,443
Equity attributable to non-controlling interest	**1,513**	1,537	46,564	41,112
Total equity	**544,860**	153,509	275,852	243,555
Total equity and liabilities	**716,552**	349,739	371,475	311,368
Asset and working capital data				
Current ratio (times) *(Note 5)*	**3.4**	1.3	3.9	5.1
Gearing ratio *(Note 6)*	**11.9%**	47.5%	19.6%	6.9%
Return on total assets *(Note 7)*	**9.5%**	16.1%	7.1%	21.4%

Notes:

5. Current ratio is total current assets divided by total current liabilities as at year end.

6. Gearing ratio is total debt divided by total capital plus total debt. Total debt is calculated as borrowings, lease liabilities, amount due to a director, amounts due to related parties and convertible bonds. Capital includes equity attributable to owners of the Company.

7. Return on total assets ratio is calculated by dividing profit for the year attributable to the owners of the Company by total assets as at year end and multiplying 100%.

CONSOLIDATED FINANCIAL DATA

In 2022, the Group achieved a revenue of approximately RMB498,329,000, a year-on-year increase (YoY) of approximately 41.0%, and an adjusted net profit of approximately RMB89,883,000, a YoY growth of approximately 22.5%.

REVENUE FROM INTEGRATED MARKETING SERVICES

In 2022, the Group's revenue from integrated marketing services amounted to approximately RMB450,850,000, a YoY rise of approximately 31.6%, making up approximately 90.5% of the Group's total revenue.

REVENUE FROM SAAS INTERACTIVE MARKETING SERVICES

In 2022, the Group's revenue from SaaS interactive marketing services reached approximately RMB47,479,000, a YoY surge of approximately 348.7%, representing approximately 9.5% of the Group's total revenue.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am very pleased to, on behalf of the board (the "Board") of directors (the "Directors") of Many Idea Cloud Holdings Limited (hereinafter referred to as "Many Idea Cloud", "the Company" or "our Company"), hereby present the annual business results of our Company and its subsidiaries (hereinafter collectively referred to as "our Group", "the Group", "we" or "us") for the year ended 31 December 2022 (hereinafter referred to as the "Reporting Period"), extend our most sincere gratitude to all shareholders, and thanks to all employees of the Group for their unremitting efforts. As an extraordinary and the most challenging year in history, the year 2022 witnessed the successful listing of Many Idea Cloud on the Main Board of The Stock Exchange of Hong Kong Limited ("the HKEX" or "Hong Kong Stock Exchange"). During the year, the ongoing COVID-19 pandemic held back the economic development of China and the rest of the world and increased domestic and global economic uncertainties. As a result, China's growth in the retail sales of consumer goods slowed down, and all sectors operated under heavy burdens, posting great challenges to the Chinese market. Against such a complex industry environment, however, we did not stop our efforts in digital integrated marketing. Instead, we rose to the challenges, forged ahead, sought innovation and reform, and seized marketing opportunities to fully promote the implementation of our digital smart marketing strategy. Through these efforts, we contributed our part to global economic growth.

Many Idea Cloud is an integrated marketing solutions services provider with a mission to provide a smart marketing technology platform. Looking back, despite a big blow to our offline integrated marketing during the pandemic, we have maintained growth in online content marketing and content seeding and established close cooperation with leading media platforms. In addition, our branded customers have started to focus on developing private traffic, leading to an upsurge in the repeat purchase rate of our SaaS interactive marketing tools. Therefore, we will continue to leverage our strength in integrated marketing to offer diverse service models and marketing solutions to our customers.

1. In terms of public traffic: Through our long-standing strategic partnerships with well-known leading media platforms such as Toutiao, Tiktok, Kuaishou, NetEase, Xiaohongshu and Baidu, we have provided customers with one-stop online and offline integrated marketing solutions featuring media + creativity.

2. In terms of private traffic: With our Content Engine (i.e. SaaS interactive marketing platform) and "Technology+Operation" model, we have helped enterprises acquire numerous customers at a low cost and conducted promotions through private traffic to improve their capabilities to acquire new customers and achieve sales growth.

Embarking on a new journey, we are expected to accomplish new achievements. Into 2023, as China relaxes its pandemic policy and resumes trade with foreign markets, the Group expects the Chinese economy as a whole will recover, and all industries will rebound in an accelerated way. In such a context, industries will strive to develop toward digitalisation. We are ready to continue to strive for new progress by building on existing achievements and seizing new opportunities presented by the times. We will step up efforts in offline events and rapidly expand the blueprint for the offline integrated marketing of events to maximise the scale of offline integrated marketing services. In the meantime, we will enhance close cooperation with the vertical media platform such as Tiktok to enlarge the scale of business and thus increase our revenue. We will continue to help our customers achieve brand value and multi-channel sales growth and gather big data on marketing. Committed to becoming a smart marketing platform, we will endeavour to create more value and achieve more breakthroughs in the marketing industry.

REVIEW

In 2022, amid great changes in the global economy caused by the pandemic and an evolving marketing environment, the brand marketing sector continued to be eye-catching. For example, Chinese brands were seen everywhere at the Winter Olympics at year-start and the World Cup at year-end, leading to a short video and live streaming are growing rapidly. Therefore, 2022 was the most challenging and most inspiring year in history. In the past year, in terms of public traffic, based on our long-standing strategic partnerships with well-known leading media platforms such as Toutiao, Tiktok, Kuaishou, NetEase, Xiaohongshu and Baidu, we provided customers with one-stop online and offline integrated marketing solutions featuring Media +Creativity.

In terms of private traffic: With our Content Engine (i.e. SaaS interactive marketing platform) and "Technology+Operation" model, we have helped enterprises acquire numerous customers at a low cost and conducted promotions through private traffic to improve their capabilities to acquire new customers and achieve sales growth. We provided a large base of customers with: integrated marketing services (consisting of (i) content marketing, (ii) digital marketing, (iii) public relations event planning, and (iv) media advertising) and SaaS interactive marketing services. Moreover, we accomplished remarkable achievements in fast moving consumer goods (FMCG), footwear and apparel and real estate industries. We have been successful in integrated marketing services. During the Reporting Period, the Company recorded a YoY growth of approximately 31.6% in revenue from integrated marketing services to approximately RMB450,850,000, accounted for approximately 90.5% of the Group's total revenue, and kept sustained profitability.

In June 2021, we officially launched the SaaS interactive marketing platform, Content Engine, to provide SaaS interactive marketing services. For our SaaS interactive marketing services, we offer a cloud marketing solution platform to our customers. The customers can subscribe to and access our interactive marketing templates and tools through the platform to manage their marketing activities. During the Reporting Period, the Company's revenue from SaaS interactive marketing services increased by approximately 348.7% YoY to approximately RMB47,479,000, accounted for approximately 9.5% of the Group's total revenue.

OUTLOOK

In 2023, we plan to adopt multiple strategies to further increase our market share and enhance our overall competitive edge as an integrated marketing solution provider.

Since the official launch of the Content Engine platform, we have been highly recognised by our customers and received positive feedback from them. Such feedback has made us more determined to further improve the capacity and performance of the Content Engine platform. To meet the growing demand of our customers for high-quality and efficient interactive marketing templates and tools, we will expand the SaaS interactive marketing services by enhancing the diversity and quality of interactive creative management tools, increasing investment in data analytics, and upgrading the platform with new features.

Thanks to years of experience, we are in a position to operate and commercialise self-owned IP content and third parties' IP content. To further expand our integrated marketing solution services, we plan to strengthen the integration of online and offline channel resources by deepening cooperation with existing media channels and exploring new business opportunities with new media channels. We expect to expand our IP content portfolios and integrated marketing solution services in the next two years.

In addition, we plan to implement the strategic expansion in Beijing for a greater geographical coverage and customer base. As our geographical footprint expands, we also aim to diversify our base of customers to include those from the alcohol, furniture and cosmetics industries. We believe that the diversification and expansion of our customer base will contribute to our future business development.

We intend to selectively make strategic acquisitions and investments complementary to our growth strategy, particularly those that will help us broaden the supply of services and upgrade technologies and products. We believe that our extensive industry experience and insights will enable us to identify suitable targets and to effectively assess and capture potential opportunities. We plan to identify potential targets in the second half of 2023 through a strategic investment and acquisition plan. After identifying a suitable target, as part of our customary procedures, we will commence due diligence, valuation, negotiation and feasibility study on the target to complete the investment in or acquisition of the target.

Meanwhile, to seize new opportunities brought by the times, we will increase efforts in offline events and rapidly expand the blueprint for the offline integrated marketing of events to maximise the scale of the offline integrated marketing services. We will also strengthen close cooperation with the vertical media platform Tiktok to increase the sources of revenue.

APPRECIATION

I would like to take this opportunity to express our most sincere gratitude towards all of the Group's shareholders, investors and business partners for their full trust in and support to the Group. I would like to thank all my colleagues in the Board, the management and all employees for their unremitting efforts and contributions to the Group. In the future, we will strive to maintain the development momentum of the Group and seek stable returns for the shareholders.

Many Idea Cloud Holdings Limited
Liu Jianhui
Chairman of the Board of Directors
29 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Industry review

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

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

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

Business review

Our services

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

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

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

BUSINESS REVIEW AND OUTLOOK (Continued)

Business review (Continued)

Our services (Continued)

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

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

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

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

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

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

BUSINESS REVIEW AND OUTLOOK (Continued)

Prospects and outlook

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

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

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

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

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

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

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

BUSINESS REVIEW AND OUTLOOK (Continued)

Prospects and outlook (Continued)

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

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

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

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

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

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

We have a visionary and experienced management team

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

FINANCIAL REVIEW

Overview

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

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

Revenue

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

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

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

FINANCIAL REVIEW (Continued)

Revenue (Continued)

Integrated Marketing Services

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

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

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

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

SaaS Interactive Marketing Services

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

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

FINANCIAL REVIEW (Continued)

Cost of Revenue

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

Integrated Marketing Services

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

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

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

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

FINANCIAL REVIEW (Continued)

Cost of Revenue (Continued)

SaaS interactive marketing services

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

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

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

FINANCIAL REVIEW (Continued)

Gross profit

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

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

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

Selling and marketing expenses

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

FINANCIAL REVIEW (Continued)

Administrative expenses

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

Provision for impairment loss on trade receivables and other financial assets

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

Other revenue

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

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

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

FINANCIAL REVIEW (Continued)

Other gains and losses

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

Finance costs

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

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

Listing expenses

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

Profit before income tax

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

Income tax expense

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

Net profit and net profit margin

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

FINANCIAL REVIEW (Continued)

Non-HKFRS measurement

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

EBITDA and adjusted EBITDA

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

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

FINANCIAL REVIEW (Continued)

Non-HKFRS measurement (Continued)

Adjusted net profit

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

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

Reserves and capital structure

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

CAPITAL EXPENDITURES AND COMMITMENT

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

Breakdown of capital expenditures

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

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

CONTINGENT LIABILITIES

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

FOREIGN CURRENCY RISK MANAGEMENT

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

The Group adopted a prudent approach toward its treasury policies. Our treasury function mainly involves the management of our cash flows. Cash is mainly deposited in banks in Renminbi for working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the year ended 31 December 2022.

CREDIT RISK

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

ASSETS PLEDGED

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

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

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

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

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

EMPLOYEES

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

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

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

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

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

USE OF PROCEEDS

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

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

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

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

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, there was no significant event after the Reporting Period and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES

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

BIOGRAPHICS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Jianhui ("**Mr. Liu**"), aged 37, is the Chairman of the Board, the chief executive officer, an executive Director, one of the Controlling Shareholders and co-founder of the Group. He was appointed as our Director on 10 June 2021. Mr. Liu is responsible for the overall management and strategic planning of the Group. Mr. Liu is a director of each of Jiangxi Meita, Xiamen Second Future, Xinjiang Kashi, Beijing Many Idea, and Quanzhou Many Idea. He is the spouse of Ms. Qu Shuo. Mr. Liu graduated from Huaqiao University* (華僑大學), the PRC with a bachelor's degree in information management and system in June 2008, where he acquired and accumulated knowledge and experience in certain areas in integrated marketing services with the use of information management system. Further, since the establishment of Xiamen Many Idea, Mr. Liu has gained experience in operation of business of integrated marketing services through, amongst others, organising large scale events such as concerts of popular singers and other marketing events. Mr. Liu has completed advanced study courses in PBC School of Finance, Tsinghua University, including (i) PBC School of Finance, Tsinghua University Industry and Finance CEO Training Programme, and (ii) Cultural and Creative Financial Leadership Programme. Mr. Liu is also pursuing another advanced study course in PBC School of Finance, Tsinghua University in relation to Scientific Entrepreneur Programme.

In March 2017, Mr. Liu received the Annual Industry Contribution Award from the Federation of Regional PR Agencies in China* (中國公共關係行業區域聯盟). Further, in November 2017, he received the 2017 Social Network Marketing Leader from the Advertiser for his outstanding achievements and contributions in the field of domestic social network marketing.

Ms. Qu Shuo ("Ms. Qu"), aged 37, is an executive Director and one of the Controlling Shareholders. Ms. Qu is primarily responsible for supervising daily operation of the Group. She was appointed as our Director on 22 December 2021. She is the spouse of Mr. Liu. Ms. Qu obtained her bachelor's degree in marketing in June 2008 from Huaqiao University, the PRC, where she acquired and accumulated knowledge and experience in certain areas in marketing, and a certificate of international investment and financing and capital operation from Xiamen University, the PRC in July 2017. Further, since the establishment of Xiamen Many Idea, Ms. Qu has gained further experience in operation of business of integrated marketing services through, amongst others, organising large-scale events such as concerts of popular singers and other marketing events.

Mr. Chen Shancheng ("**Mr. Chen SC**"), aged 41, is an executive Director. He was appointed as our Director on 22 December 2021. Mr. Chen SC is primarily responsible for analysing and planning business strategies and looking for investment and acquisition opportunities for the Group. Prior to joining the Group, from August 2011 to June 2014, Mr. Chen SC served as a financial controller of A'ba State Zhonghe New Energy Co., Ltd. (formerly known as A'ba Prefecture Minfeng Lithium Industry Co., Ltd.) and Malkang Jinxin Mining Co., Ltd., a subsidiary of A'ba Prefecture Zhonghe New Energy Co., Ltd. Mr. Chen SC gained his strategic planning and investment experience through, for example, participating in certain investment projects involving negotiations, building financial models and reviewing financial statements of target activities and assets.

* *is for identification purposes only*

EXECUTIVE DIRECTORS (Continued)

From July 2014 to August 2015, Mr. Chen SC worked as a financial controller in Hengxing Gold Holding Company Limited (a company listed on the Hong Kong Stock Exchange up to January 2021 (former stock code: 2303)), a gold producer where he was responsible for, amongst others, exploring business and investment opportunities and reviewing investment projects with a view to recommending appropriate investment and planning decisions. From August 2015 to February 2017, he worked as a general manager in Xiamen Deep Century Investment Management Partnership (Limited Partnership), an investment management partnership firm. Mr. Chen SC obtained his bachelor's degree in accounting and master's degree in master of professional accounting from Xiamen University* (廈門大學), the PRC in July 2004 and June 2014, respectively. He is currently pursuing doctorate degree in business administration from a joint programme held by Shanghai Jiao Tong University* (上海交通大學) and Singapore Management University (新加坡管理大學*) in the PRC.

Mr. Chen Zeming ("**Mr. Chen ZM**"), aged 33, is an executive Director. He was appointed as our Director on 22 December 2021. Mr. Chen ZM is primarily responsible for overseeing the project planning and operation of the Group. Mr. Chen ZM holds diploma degree in advertising design and production obtained from Quanzhou Huaguang Vocational College of Photography and Art* (泉州華光攝影藝術職業學院), the PRC in June 2011. Shortly after graduation, Mr. Chen ZM joined the Group and was responsible for project management in May 2012. Since joining the Group, Mr. Chen ZM has further acquired experience in the operation of the business of integrated marketing services through, amongst others, organising large-scale events such as concerts of popular singers and other marketing events. Mr. Chen ZM graduated from Communication University of China* (中國傳媒大學), the PRC with a bachelor's degree in business management in July 2021 through distance learning.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Yingbin ("**Ms. Wang**"), aged 47, was appointed as an independent non-executive Director on 12 October 2022. Ms. Wang is the chairperson of the remuneration committee and a member of both the audit committee and the nomination committee of the Company. Since August 2011, Ms. Wang has been serving as a senior engineer at the School of Life Sciences of Xiamen University in the PRC. Since December 2018 and January 2019, Ms. Wang has served as a union president and a senior engineer at School of Public Health of Xiamen University in the PRC, respectively. Ms. Wang has served as an independent non-executive director of Fujian Sanmu Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 000632)), Xiamen Solex High-tech Industries Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 603992)) and Xiamen Yanjan New Material Co., Ltd.* (廈門延江新材料股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300658)), since June 2019, May 2020 and August 2021, respectively. Ms. Wang graduated from the Third Institute of Oceanography, Ministry of Natural Resources* (自然資源部第三海洋研究所), the PRC with a master's degree in marine biology in August 2001.

* *is for identification purposes only*

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Ms. Wong Yan Ki, Angel ("Ms. Wong"), aged 51, was appointed as an independent non-executive Director on 12 October 2022. Ms. Wong is the chairperson of the audit committee of the Company and a member of the remuneration committee and nomination committee.

Ms. Wong has more than 25 years of experience in corporate finance and capital market activities. Ms. Wong has been an independent non-executive director of Betta Pharmaceuticals Co., Ltd.* (貝達藥業股份有限公司) (a company listed on Shenzhen Stock Exchange (stock code: 300558)) since January 2021, and an independent non-executive director of Bit Mining Limited) (formerly known as 500.com Limited (a company listed on New York Stock Exchange with ticker symbol: BTCM) since November 2015. Ms. Wong has been the president and executive director of Advanced Capital Limited since November 2007, where she provides consultancy services for both listed companies and companies preparing for listing. Previously, Ms. Wong served as an independent non-executive director of Hengxing Gold Holding Company Limited* (恒興黃金控股有限公司) (a company listed on the Hong Kong Stock Exchange up to January 2021 (former stock code: 2303)) from March 2013 to February 2021.

Ms. Wong has been admitted as fellow member of CPA Australia since May 2017, fellow member (FIPA, Australia) of the Institute of Public Accountants since April 2015, member of the Hong Kong Institute of Directors since November 2014, full member of the Society of Registered Financial Planners in Hong Kong since November 2003, and fellow member of the Institute of Financial Accountants in the United Kingdom since October 2003. Ms. Wong obtained a bachelor's degree in international accounting from Xiamen University in the PRC in July 1994, a postgraduate certificate in professional accounting from City University of Hong Kong in Hong Kong in November 2000 and a master's degree in executive MBA from Cheung Kong Graduate School of Business in the PRC in October 2009.

Mr. Tian Tao ("**Mr. Tian**"), aged 65, was appointed as an independent non-executive Director on 12 October 2022. Mr. Tian is the chairperson of the nomination committee of the Company and a member of the remuneration committee and audit committee.

From February 1999 to November 2015, Mr. Tian was the vice general manager of CVSCTNS Research Co Ltd. From November 2015 to June 2017, he was the president of Zhongguang Xincheng Information Technology Co., Ltd. From July 2017 to August 2018, he was the president of the Beijing office of Nielsen-CCData Media Research Services Co., Ltd.* (尼爾森網聯媒介數據服務有限公司北京分公司) Since September 2018, he has been serving as the president of Zhongguang Rongxin Media Consulting (Beijing) Co., Ltd.* (中廣融信媒介諮詢(北京)有限公司) Mr. Tian has served as an independent non-executive director of Icon Culture Global Company Limited* (天泓文創國際集團有限公司) (a company listed on the GEM of the Hong Kong Stock Exchange (stock code: 8500)) since December 2019.

Ms. Xiao Huilin ("**Ms. Xiao**"), aged 44, was appointed as an independent non-executive Director on 15 February 2023. Ms. Xiao received a Bachelor of Arts (Literature) from Beijing Foreign Studies University, the PRC in 2002, and a Master of Philosophy in Economics (MPhil) and a Doctor of Philosophy in International Business from the University of Sydney, Australia, in 2005 and 2008, respectively. From 2010 to 2011, she worked as a postdoctoral research fellow at City University of Hong Kong from 2010 to 2011, where she was responsible for, amongst others, researching on the unparalleled opportunities of international trade and commerce and investment along the Belt and Road Initiative. Ms. Xiao currently serves as an associate professor at the School of Business Administration, Southwest University of Finance and Economics. Ms. Xiao has extensive knowledge and experience in international trade and investment. She served as Associate Dean of the School of International Development Cooperation, University of International Business and Economics from June 2020 to November 2021. She worked as a part-time researcher and associate researcher at the Organization for Economic Co-operation and Development (OECD) and the School of Business and Law, University of Newcastle, Australia, from March 2004 to March 2006 and March 2008 to December 2009, respectively.

* *is for identification purposes only*

SENIOR MANAGEMENT

Ms. Wang Bifeng ("**Ms. Wang**"), aged 35, is our financial controller, and is primarily responsible for overseeing the accounting and financial management of the Group. Ms. Wang joined us in March 2017, and had served as a deputy finance manager until March 2021 before she was redesignated as the position of financial controller. From September 2009 to August 2016, Ms. Wang served as a financial manager of Empereur* (華祥苑茶業股份有限公司), a company principally engaged in business of processing refined tea. Ms. Wang obtained a college degree in computerised accounting from Xiamen Huatian International Vocation Institute* (廈門華天涉外職業技術學院), the PRC in July 2009. Ms. Wang graduated from Xiamen University* (廈門大學), the PRC with a bachelor's degree in accounting in December 2016 through distance learning. Ms. Wang does not have any current or past directorship in any listed companies in the last three years.

Ms. Zhang Yan ("**Ms. Zhang**"), aged 38, is our deputy general manager, and is primarily responsible for overall strategic planning, business direction and operational management of the Group. Ms. Zhang joined the Group as a deputy director for human resources and general administrative in Xiamen Many Idea in September 2016. Ms. Zhang was appointed as the deputy general manager of the Group in January 2021. Prior to joining the Group, Ms. Zhang was the head of the shipping department in Xiamen Longyun Shipping Co., Ltd.* (廈門隆運船務有限公司) from July 2006 to November 2013. Ms. Zhang worked at Fujian Sinotrans Shipping Agency Co., Ltd. Xiamen Branch* (福建中外運船務代理有限公司廈門分公司) from December 2014 to April 2016, with her last position as head of accounting. Ms. Zhang obtained her college diploma in international trade from Xiamen University of Technology, the PRC in July 2006.

Mr. Huang Xihuang ("**Mr. Huang**"), aged 41, is our director for research and development, and is primarily responsible for the development and implementation of technological strategies, and management of the research team and system of the Group. Mr. Huang joined our Group and has been appointed as a director for the technical department since November 2018. Prior to joining the Group, Mr. Huang was the research and development engineer and at Xiamen Yaxon Networks Co., Ltd.* (廈門雅迅網絡股份有限公司) From June 2011 to March 2018, he was employed as a research and development engineer by Lenovo Mobile Internet Technology (Xiamen) Co., Ltd.* (摩托羅拉移動互聯科技(廈門)有限公司) (formerly known as Lenovo Mobile Internet Technology (Xiamen) Co., Ltd.* (聯想移動互聯科技(廈門)有限公司)) Mr. Huang obtained his bachelor's degree in communication engineering in June 2003 and his master's degree in information and communication engineering in March 2006 from Zhejiang University* (浙江大學), the PRC. He further received a master's degree in business management from Xiamen University* (廈門大學), the PRC in June 2017. He obtained a qualification certificate of senior engineer specialist in electronic engineering from Fujian Human Resources and Social Security Bureau* (福建省人力資源和社會保障廳) in October 2017. Mr. Huang does not have any current or past directorship in any listed companies in the last three years.

COMPANY SECRETARY

Ms. Tang Wing Shan Winza ("**Ms. Tang**"), joined the Group as our company secretary on 21 January 2022. Ms. Tang is the assistant vice president of the governance services of Computershare Hong Kong Investor Services Limited, a professional corporate secretarial service provider in Hong Kong. She has more than 10 years of experience in company secretarial services. Ms. Tang holds a bachelor's degree in laws awarded by City University of Hong Kong, Hong Kong and a master's degree in corporate governance awarded by London South Bank University in the United Kingdom. She is an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute.

* *is for identification purposes only*

REPORT OF THE DIRECTORS

The board (the "Board") of directors (the "Directors") of Many Idea Cloud Holdings Limited (the "Company") is pleased to present the annual report together with the audited consolidated financial statements of the Company and its subsidaries (collectively the "Group") for the year ended 31 December 2022.

GENERAL INFORMATION

Our Company is an exempted company incorporated in the Cayman Islands with limited liability on 10 June 2021. The headquarter of the Company in the PRC is located at 12/F, Erke Group Building, No.11 Guanyin Shan, Hualian Road, Siming District, Xiamen, Fujian Province, PRC. The principal place of business of the Company in Hong Kong is located at Room 2408, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong. The shares of our Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx") since 9 November 2022 (the "Listing Date") (stock code: 6696).

MAIN BUSINESS

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

A review of our Group's business for the year ended 31 December 2022, including an analysis of our Group's results during the year using financial key performance indicators and a description of possible future developments in our Group's business, is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of the report.

OUR GROUP'S RESULTS

Our Group's results for the Reporting Period are set out in the consolidated statements of profit or loss on page 83 of the annual report.

FINAL DIVIDEND

It is not recommended by our Board to distribute any final dividend for the year ended 31 December 2022.

SHARE CAPITAL

Details of changes in share capital and issued shares of our Company for the Reporting Period are set out in Note 34 to the consolidated financial statements.

As at 31 December 2022, the total amount of the issued share capital of the Company was HK$80,000, dividend into 800,000,000 shares of HK0.0001 per share.

RESERVES

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands (the "Companies Law"), amounted to approximately RMB403,454,000. Details of changes in the reserves of our Group for the year ended 31 December 2022 are set out on pages 86 to 87 of the annual report.

FINANCIAL SUMMARY

The consolidated results and a summary of the assets and liabilities of our Group for the past four financial years are extracted from the consolidated financial statements and are set out on page 164 of the annual report. This summary does not constitute an integral part to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank borrowings of our Group as at 31 December 2022 are set out in Note 31 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of changes in property, plant and equipment of our Group for the Reporting Period are set out in Note 18 to the consolidated financial statements.

SUFFICIENT PUBLIC FLOAT

Based on the publicly available information of our Company and to the best knowledge of our Directors, the Company has maintained a sufficient public float throughout the Reporting Period and up to the date of this annual report.

TAX RELIEF AND EXEMPTION

Our Directors are not aware of any tax relief and exemption for our shareholders to hold our securities. If the shareholders are uncertain about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to the shares, it is advised to consult a tax adviser.

PRE-EMPTIVE RIGHTS

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

BUSINESS REVIEW

Overview and Performance of the Year

A review of our Group's business for the Reporting Period is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of the report. Events affecting our Company after the Reporting Period are set out in the "Management Discussion and Analysis – Subsequent Events" of the report.

Main Relationships with Stakeholders

Our Group recognizes that different stakeholders (including employees, customers, suppliers and other business partners) are the key to the success of our Group. Our Group makes great efforts to maintain contacts, cooperate and build solid relationships with them in order to achieve sustainable corporate development. Our Group believes that it is essential to attract, recruit and retain high-quality employees. In order to maintain the quality, knowledge and skills of employees, our Group provides regular training courses to the employees to further enhance their competencies and skills. Our Group believes that we have maintained good relationships with our employees and has not experienced any major labour disputes or difficulties in recruiting employees for our business operations.

We value customer feedback, because the provision of good customer service is one of the key impetuses in our sales. We have a dedicated customer service team to solve all kinds of after-sales customer requests in a timely and effective manner and improve overall customer satisfaction. Our huge and growing customer base also provides invaluable insights into the best industry practices, so we can better understand customer needs and therefore continuously improve our products and enhance experiences for our customers.

Major Customers and Suppliers

For the Reporting Period,

i. Our Group's largest supplier accounted for approximately 12.2% of our Group's total purchase amount (approximately 15.5% in 2021), and our Group's top-five suppliers accounted for approximately 49.9% of our Group's total purchase amount (approximately 49.1% in 2021); and

ii. Our Group's largest customer accounted for approximately 9.7% of our Group's total revenue (approximately 8.9% in 2021), and our Group's top-five customers accounted for approximately 42.1% of our Group's total revenue (approximately 37.3% in 2021).

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any shareholder (which to the knowledge of the Directors, own more than 5% of the Company's issued share capital) has any direct/indirect interest in any of the Group's five largest suppliers or customers during the year ended 31 December 2022.

BUSINESS REVIEW (Continued)

Environmental, Social and Governance Report

Our Group is committed to fulfilling its social responsibilities, promoting welfare and development for its employees, protecting the environment, giving back to the community and achieving the sustainable growth. Our Group abides by the relevant national environmental protection regulations, and takes measures such as saving electricity, strengthening the routine maintenance and management of water-consuming equipment, and advocating a paperless office, to reduce the impact of our Group's operations on the environment and make our Group's development in harmony with the environment, thereby ensuring the long-term sustainable development of our Group.

For details of the environmental, social and governance report, please refer to pages 61 to 76 of this annual report.

Compliance with Relevant Laws and Regulations

Our Group always complies with the provisions of the Companies Ordinance, the Listing Rules, the Securities and Futures Ordinance and the Corporate Governance Code on matters such as data disclosure and corporate governance. Our Group has adopted the Model Code.

Main Risks and Uncertainties

Our operations involve a number of main risks and uncertainties, some of which are beyond our control. The significant risks and uncertainties we face are set out below:

- We rely on our customers from the fast moving consumer goods, footwear and apparel and real estate industries and any adverse development in these industries may impact us;

- If we fail to successfully obtain marketing rights to projects with IP contents or acquire IP contents suiting our customers' and their end-customers' preferences or to successfully commercialise these IP contents, we may lose our customers;

- Our SaaS interactive marketing services have a short operating history, which makes it difficult to evaluate the prospects and future growth in our SaaS interactive marketing services;

- Our gross profit margins have fluctuated and may continue to fluctuate in the future;

- Our business depends on our ability to maintain our existing business with our customers and our ability to attract new customers and we generally do not enter into long term business contracts with our customers;

- Our Group operates in a competitive industry and if we fail to compete effectively, our business may be adversely affected; and

- Our intangible assets at amortised cost may become impaired and the amortisation cost incurred could materially and adversely affect our results of operation and financial condition.

OUTLOOK

A description of future business development of our Company is set out in the "Chairman's Statement" and "Management Discussion and Analysis" of the report.

DIRECTORS

The Directors during the Reporting Period and as at the date of the report are as follows:

Executive Directors

Mr. Liu Jianhui *(Chairman of the Board and Chief Executive Officer)*
Ms. Qu Shuo
Ms. Huang Tingting (resigned on 29 March 2023)
Mr. Chen Shancheng
Mr. Chen Zeming

Independent Non-executive Directors

Ms. Wang Yingbin
Ms. Wong Yan Ki, Angel
Mr. Tian Tao
Ms. Xiao Huilin (appointed on 15 February 2023)

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, one third of the Directors for the time being (or if their number is not three on a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director (including a Director for a specific term) shall be subject to retirement at an annual general meeting of our Company at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Article 112 of the Articles of Association, any Director appointed by our Board to fill a casual vacancy shall hold office only until the next first general meeting of our Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed as an addition to the existing Board shall hold office only until the next first annual general meeting of our Company after his/her appointment and shall then be eligible for re-election.

Accordingly, Mr. Liu Jianhui, Ms. Qu Shuo, Mr. Chen Shancheng and Ms. Xiao Huilin shall retire from office by rotation and shall be eligible for re-election at the Annual General Meeting.

Details of the Directors to be re-elected at the forthcoming annual general meeting of our Company are set out in a circular sent to the shareholders in due course and in the manner set out in the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of our Group are set out in the "Biographics of Directors and Senior Management". Save as disclosed in the report, there has been no other changes in the details of Directors required to be disclosed as stipulated by 13.51(2) and 13.51B(1) of the Listing Rules as at the date of the report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

On 12 October 2022, each of our executive Directors entered into a service contract with our Company pursuant to which he/she agreed to act as an executive Director for an initial term of three years with effect from the Listing Date. The contract will be terminated by a written notice of not less than three months from either party. Each of our independent non-executive Directors entered into a letter of appointment with our Company on 12 October 2022 for an initial term of three years Ms. Xiao Huilin has entered into a service contract with the Company for a period of three years commencing from 15 February 2023, subject to re-election as required by the Articles of Association. Either party shall have the right to terminate such appointment by giving a written notice of not less than three months.

None of the Directors for re-election at the annual general meeting has entered into an unexpired service contract or letter of appointment with our Company or any of its subsidiaries that cannot be terminated within one year without compensation (except for statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors. The Company considers that such Directors are independent.

INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

To the best knowledge of our Company as at 31 December 2022, none of our Directors or chief executive of our Company has, in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), (a) any interests and/or short positions (if applicable) which will be required to be notified to our Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), (b) any interests and/or short positions which will be required, pursuant to Section 352 of the SFO, to be entered in the register kept referred to in that section, or (c) any interests and/or short positions which will be required, pursuant to the Model Code, to be notified to our Company and the HKEx. Refer to the table below:

Long positions in shares

Name of Director	Capacity/Nature of Interest	Number of Shares/ Interests Held	Approximate Percentage of Shareholding[1]
Mr. Liu Jianhui	Interest in controlled corporation[2]	130,457,399 (L)	16.31%
	Interest in controlled corporation[3]	126,330,885 (L)	15.79%
	Interest of spouse[4]	1,579,097 (L)	0.20%
Ms. Qu Shuo	Interest of spouse[4]	130,457,399 (L)	16.31%
	Interest of spouse[4]	126,330,885 (L)	15.79%
	Interest in controlled corporation[5]	1,579,097 (L)	0.20%
Mr. Chen Shancheng	Interest in controlled corporation[6]	15,119,887 (L)	1.89%
Mr. Chen Zeming	Interest in controlled corporation[7]	1,963,278 (L)	0.25%
Ms. Huang Tingting (resigned on 29 March 2023)	Interest in controlled corporation[8]	15,119,887 (L)	1.89%

INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES (Continued)

Long positions in shares (Continued)

Notes:

(L) denotes long positions.

1. Calculation is based on a total of 800,000,000 Shares, being the total number of shares issued as at 31 December 2022.

2. The said Shares were held in the name of Many Idea Liujianhui Limited ("Many Idea Liujianhui"). The entire issued share capital of Many Idea Liujianhui is wholly owned by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in such number of Shares held by Many Idea Liujianhui by virtue of the SFO.

3. The said Shares were held in the name of Xiamen Huli District Dream Future Investment Partnership Enterprise (Limited Partnership)* (廈門市湖裏區夢想未來投資合夥企業(有限合夥)) ("Xiamen Dream Future"). Xiamen Dream Future is owned as to 90% by Zhangjiajie Lejian Many Idea Network Technology Centre (Limited Partnership)* (張家界樂見多想網絡科技中心(有限合夥)) ("ZJJ Many Idea"), 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.

4. As Mr. Liu is the spouse of Ms. Qu and vice versa, and they are each deemed under the SFO to be interested in the Shares directly held by each other.

5. The said Shares were held in the name of Many Idea Qushuo Limited ("Many Idea Qushuo"). The entire issued share capital of Many Idea Qushuo is wholly owned by Ms. Qu. Accordingly, Ms. Qu is deemed to be interested in such number of Shares held by Many Idea Qushuo by virtue of the SFO.

6. The said Shares were held in the name of Many Idea ChenShancheng Limited. The entire issued share capital of Many Idea ChenShancheng Limited is wholly owned by Mr. Chen SC. Accordingly, Mr. Chen SC is deemed to be interested in such number of Shares held by Many Idea ChenShancheng Limited by virtue of the SFO.

7. The said Shares were held in the name of Many Idea ChenZeming Limited. The entire issued share capital of Many Idea ChenZeming Limited is wholly owned by Mr. Chen ZM. Accordingly, Mr. Chen ZM is deemed to be interested in such number of Shares held by Many Idea ChenZeming Limited by virtue of the SFO.

8. The said Shares were held in the name of Many Idea Huangtingting Limited. The entire issued share capital of Many Idea Huangtingting Limited is wholly owned by Ms. Huang. Accordingly, Ms. Huang is deemed to be interested in such number of Shares held by Many Idea Huangtingting Limited by virtue of the SFO.

Save as disclosed above, to the best knowledge of Directors and chief executive of our Company as at 31 December 2022, none of our Directors or chief executive of our Company has, in the shares, underlying shares and debentures of our Company or its associated corporation, (a) any interests or short positions which will be required to be notified to our Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (b) any interests or short positions which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section; or (c) any interests or short positions which will be required, pursuant to the Model Code, to be notified to our Company and the HKEx.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2022, according to records in the register maintained by the Company pursuant to Section 336 of the SFO, the following persons had, in the shares and underlying shares, any interests or short positions which will be required to be disclosed to our Company and the HKEx pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares

Name of Director	Capacity/Nature of Interest	Number of Shares/ Interests Held	Approximate Percentage of Shareholding[1]
Many Idea Liujianhui	Beneficial owner[2]	130,457,399 (L)	16.31%
ZJJ Many Idea	Interest in controlled corporation[3]	126,330,885 (L)	15.79%
Xiamen Dream Future	Beneficial owner[3]	126,330,885 (L)	15.79%
Many Idea Qushuo	Beneficial owner[4]	1,579,097 (L)	0.20%

Notes:

(L) denotes long positions.

1. Calculation is based on a total of 800,000,000 Shares, being the total number of shares issued as at 31 December 2022.

2. The said Shares were held in the name of Many Idea Liujianhui. The entire issued share capital of Many Idea Liujianhui is wholly owned by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in such number of Shares held by Many Idea Liujianhui by virtue of the SFO.

3. The said Shares were held in the name of Xiamen Dream Future. Xiamen Dream Future is owned as to 90% by ZJJ Many Idea, 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.

4. The said Shares were held in the name of Many Idea Qushuo. The entire issued share capital of Many Idea Qushuo is wholly owned by Ms. Qu. Accordingly, Ms. Qu is deemed to be interested in such number of Shares held by Many Idea Qushuo by virtue of the SFO.

Save as disclosed above, Directors have not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be required to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register maintained by our Company pursuant to Section 336 of the SFO.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period, was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate. None of the Directors or his/her spouse or children under the age of 18 years had any rights to subscribe for shares or debentures of our Company or any other corporations and none of them exercised any rights in relation thereto.

DEED OF NON-COMPETITION

To avoid possible competition between our Group and Xiamen Many Idea Vision Advertising Co., Ltd.* (廈門多想視界廣告有限公司) ("Xiamen Advertising") or Xiamen Many Idea Vision Culture Media Co., Ltd.* (廈門多想視界文化傳媒有限公司) ("Xiamen Vision") after Listing, our Controlling Shareholders entered into the Deed of Non-competition on 12 October 2022 in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time), under which each of our Controlling Shareholders has irrevocably and unconditionally undertaken to our Company that they shall not, and shall procure that none of their respective close associates and/or companies controlled by them (other than members of our Group) shall, during the Restricted Period (as defined below), directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, for profit or not, among other things, carry on, engage, invest, be interested or involved or engaged in, acquire or hold any rights or interest (in each case whether as a shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise) in any business of integrated marketing solutions services in the PRC and such other parts of the world where any member of our Group may operate from time to time or other related business which our Group may undertake from time to time after the Listing (the "Restricted Business").

Upon review of the annual reports and related information provided by Xiamen Advertising and/or Xiamen Vision, the independent non-executive Directors believe that, to the best of their knowledge, the Deed of Non-competition was properly abided by and implemented from the Listing Date to 31 December 2022.

The "Restricted Period" stated in the Deed of Non-competition refers to the period during which:

(a) The Shares remain listed on the Hong Kong Stock Exchange (other than suspension of trading of the Shares for any other reason); or

(b) Our Company's controlling shareholders and their respective close associates, individually or jointly, remain to be deemed as controlling shareholder (within the meaning as defined in the Listing Rules from time to time) and/or a Director of our Company.

Please refer to the prospectus of our Company dated 28 October 2022 for details about the Deed of Non-competition.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, our Company's controlling shareholders or any Directors and their respective close associates (other than members of our Group) had no interests in any business directly, indirectly or possibly competing with the business of our Company which would require disclosure under Rule 8.10 of the Listing Rules, except for the interests of our Company's controlling shareholders in our Company or the business of our Group.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended 31 December, 2022. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended 31 December 2022.

CONNECTED AND CONTINUING CONNECTED TRANSACTION

For the year ended 31 December 2022, none of such related party transactions constitutes a connected transaction or a continuing connected transaction which is subject to reporting, annual review, announcement and/or requirements for shareholders' approval as set out in the Listing Rules.

INTERESTS OF DIRECTORS IN SIGNIFICANT TRANSACTION, ARRANGEMENT OR CONTRACT

None of the Directors of our Company or their associated corporations had a material interest, directly or indirectly, in any significant transaction, arrangement or contract to which our Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and which was in effect during or at the end of the year ended 31 December 2022.

MATERIAL CONTRACT

Save as disclosed in the report, neither our Company or any of its subsidiaries, nor our Company's controlling shareholder or any of its subsidiaries (if applicable), entered into any material contract for the year ended 31 December 2022.

ADMINISTRATION/MANAGEMENT CONTRACT

Other than service contracts of the Directors, our Company has not entered into, or during the Reporting Period held, any contracts relating to the management and administration of the whole or any substantial parts of the business of our Company.

INDEMNITY PROVISIONS PERMITTED TO DIRECTORS

According to the Articles of Association, our Company must indemnify the Director with the assets of our Company against all losses or liabilities incurred or suffered by the Director in defending any proceedings, whether civil or criminal, in which judgment is ultimately given in the Director's favour or acquittal. For the year ended 31 December 2022, our Company already arranged appropriate directors' liability insurance for Directors.

STAFF, REMUNERATION POLICY AND DIRECTOR'S REMUNERATION

We had a total of 161 employees as at 31 December 2022. For the year ended 31 December 2022, the aggregate amount of compensation paid by our Group (including salaries, allowances, discretionary bonuses, contributions to pension schemes, contributions to other social security funds, housing benefits, other employee welfare and remuneration based on shares) to our staff was approximately RMB25,266,000. Our Group adheres to the needs of business development, continuously optimizes the incentive system and implements competitive remuneration policies.

STAFF, REMUNERATION POLICY AND DIRECTOR'S REMUNERATION (Continued)

Our Directors receive compensation in the form of emoluments, salaries, discretionary bonuses and other allowances. We determine the remuneration of each director according to his/her duties, seniority, title and experience. The remuneration of executive Directors and senior management of our Group is determined by our Remuneration Committee, and the remuneration of non-executive Directors and independent non-executive Directors is recommended by our Remuneration Committee. Details of the remuneration of the Directors for the Reporting Period are set out in Note 14 to the consolidated financial statements. No remuneration was paid by our Company to, or received by, our Directors or the five highest paid individuals as disclosed in Note 14 to the consolidated financial statements as an inducement to join or upon joining our Company, or as a compensation for loss of any office. None of our Directors entered into any arrangement to waive or agree to waive any remuneration.

CONVERTIBLE PRE-HKIPO LOANS

The Company entered into convertible loan agreements with investors in the principal amount of (i) US$5 million (in respect of ZGC International Limited); (ii) US$1 million (in respect of Many Idea Xue Jun Limited); (iii) US$600,000 (in respect of Huirong Gold Control Limited); and (iv) HK$3,000,000 (in respect of Great Earn International Limited), on 26 January 2022, 26 January 2022, 24 January 2022 and 27 January 2022, respectively (collectively, the "Pre-HKIPO Loans"). For details, please refer to the Company's prospectus dated 28 October 2022. The convertible Pre-HKIPO Loans in respect of Many Idea Xue Jun Limited, Huirong Gold Control Limited and Great Earn International Limited have been redeemed on 15 November 2022, 16 November 2022 and 24 November 2022, respectively. As at the close of business on 31 January 2023, the convertible Pre-HKIPO Loan in respect of ZGC International Limited has expired and therefore the conversion rights attached to such Pre-HKIPO Loan can no longer be exercised and lapsed.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by a resolution of Shareholders of our Company passed on 12 October 2022.

Purpose of the Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

SHARE OPTION SCHEME (Continued)

Who may join

Our Directors may at any time within a period of ten years commencing from the date of adoption of the Share Option Scheme, at its absolute discretion, in accordance with the provisions of the Share Option Scheme and the Listing Rules make an offer to any person belonging to any of the following classes of participants ("Eligible Participant"), to take up options to subscribe for Shares:

(aa) any employee ("Eligible Employee") (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity ("Invested Entity") in which any member of our Group holds an equity interest;

(bb) any non-executive directors (including INEDs) of our Company, any of our subsidiaries or any Invested Entity;

(cc) any supplier of goods or services to any member of our Group or any Invested Entity;

(dd) any customer of any member of our Group or any Invested Entity;

(ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

Maximum Number of the Shares Available for Subscription

According to the Share Option Scheme, the maximum number of the Shares available for issuance corresponding to all share options is 80,000,000.

As at 31 December 2022, according to the Share Option Scheme, outstanding share options representing 80,000,000 underlying shares (accounting for approximately 10% of the issued share capital of our Company) were granted to Eligible Participants.

SHARE OPTION SCHEME (Continued)

Maximum Entitlement of Each Participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders at general meeting of our Company with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. Our Company must send a circular to the Shareholders, containing the information required under the Listing Rules. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

Grant of Options to Our Directors, Chief Executive or Substantial Shareholders of Our Company or Their Respective Associates

(aa) Any offer for the grant of options under the Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options).

(bb) Where any grant of options to a Substantial Shareholder or an INED or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HKD5 million;

such further grant of options must be approved by Shareholders in general meeting. Our Company must send a circular to the Shareholders, containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a Substantial Shareholder or an INED or any of their respective associates must be approved by the Shareholders in general meeting.

Subscription Price for the Shares and Consideration for the Option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant of the option, which must be a business day; (ii) the average closing price of Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant of the option; and (iii) the nominal value of a Share.

A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

SHARE OPTION SCHEME (Continued)

Time of Acceptance and Exercise of Option

An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period ("Option Period") may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years ("Termination Date") commencing on the date on which the Share Option Scheme is adopted.

As at the date of the report, the total number of the Shares available for issuance upon exercise of all share options granted according to the Share Option Scheme was 80,000,000 (accounting for 10% of the issued share capital).

No options have been granted or agreed to be granted under the Share Option Scheme as at 31 December 2022.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Share Option Scheme" above, our Company did not enter into any equity-linked agreement for the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF OUR COMPANY

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

DONATION

No charitable donations were made by the Group during the year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted by reference to the provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. Our Company will regularly review our corporate governance measures to ensure compliance with the CG Code. For the year ended 31 December 2022, our Company has complied with all the code provisions of the CG Code, with the exception of the following:

Non-compliance with C.2.1 of the CG Code

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive shall be separate and shall not be performed by the same individual. Mr. Liu Jianhui serves as chief executive officer, and also the Chairman of our Company as at 31 December 2022. Our Board believes that assigning one person to serve as both chief executive officer and the Chairman can facilitate the execution of the Group's business strategies and enhance our Group's operation efficiency. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, we believe that the structure of our Board is appropriate and balanced to provide sufficient checks and supervisions to protect the interests of our Company and its shareholders.

Our Board will regularly review the strengths and weaknesses of this management structure and will take appropriate measures where necessary in the future, taking into account the nature and extent of our Group's business.

Details of the corporate governance measures adopted by our Company are set out in the "Corporate Governance Report" of the report.

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

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

AUDIT COMMITTEE

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

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

AUDITOR

The consolidated financial statements of our Group for the year ended 31 December 2022 were audited by BDO Limited.

BDO Limited shall retire and be eligible for re-election and a resolution to that effect shall be proposed at the Annual General Meeting.

For and on behalf of the Board
Many Idea Cloud Holdings Limited
Liu Jianhui
Chairman of the Board and Executive Director

Hong Kong, 29 March 2023

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the period from 9 November 2022 (the "Listing Date") to 31 December 2022 (the "Reporting Period").

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

The Company aims to build a sustainable community with our employees, customers and business partners by supporting local initiatives that aim to create effective and lasting benefits to the local community, through various initiatives that may include corporate philanthropy, establishing community partnerships, and mobilising our employees to participate in volunteer work. In addition, we also endeavour to reduce any negative impacts on the environment through our commitment to energy saving and sustainable development. We will also focus on embracing diversity within our organisation and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a collegial culture in our workplace for all of our employees. That enables the Company to deliver long-term sustainable growth and success.

MODEL CODE OF DIRECTOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as a code of conduct for its Directors to conduct trading of securities. Our Company has been following the Model Code since the Listing Date. Our Company has made specific enquiries to all of its Directors, who have confirmed that they have implemented and complied with the standards set out in the Model Code from the Listing Date to the date of the report.

No incident of non-compliance of the Model Code by the Directors and relevant employees was noted during the period from the Listing Date to 31 December 2022. Our Company continues to ensure compliance with the code of conduct.

BUSINESS STRATEGIES

Our Company plans to further increase our market share and enhance our overall competitiveness in providing integrated marketing solutions services by implementing the following strategies:

i. Expand our SaaS interactive marketing business by enhancing the diversity and quality of our interactive creative management tools, investing in the data analytic abilities, and upgrading the platform with new functions;

ii. Scale up our IP contents portfolio and expand our integrated marketing solutions business;

iii. Expand our geographical coverage and enlarge our customer base; and

iv. Expand through pursuit of investment and acquisition opportunities.

OUR BOARD

Our Company is led by an efficient Board of Directors. Our Board shall oversee our Group's business, strategic decisions and performance and make decisions objectively in the best interests of our Company.

Our Board shall regularly review the contribution of the Directors to the discharge of their duties in our Company and whether the Directors have devoted sufficient time to the discharge of their duties.

Composition of Our Board

Currently, our Board consists of eight Directors, including four Executive Directors and four independent non-executive Directors. In terms of gender, there are four female Directors and four male Directors.

OUR BOARD (Continued)

Composition of Our Board (Continued)

Executive Directors

Mr. Liu Jianhui *(Chairman of the Board and Chief Executive Officer)*
Ms. Qu Shuo
Ms. Huang Tingting (resigned on 29 March 2023)
Mr. Chen Shancheng
Mr. Chen Zeming

Independent non-executive Directors

Ms. Wang Yingbin
Ms. Wong Yan Ki, Angel
Mr. Tian Tao
Ms. Xiao Huilin (appointed on 15 February 2023)

Biographical details of the Directors are set out in the "Biographics of Directors and Senior Management" of the report.

Mr. Liu Jianhui and Ms. Qu Shuo are spouses. Save as disclosed in the report, to the best knowledge of our Board, there are no other financial, business, family or other significant relationships/connections between members of our Board.

Board Meetings, Committee Meetings and General Meetings

The Directors' attendances at Board Meetings and Committee Meetings during the period from the Listing Date to the date of this report are summarized in the table below:

Name of Director	Our Board	Remuneration Committee	Nomination Committee	Audit Committee	General Meeting
Executive Directors:					
Mr. Liu Jianhui	5/5	N/A	N/A	N/A	N/A
Ms. Qu Shuo	5/5	N/A	N/A	N/A	N/A
Ms. Huang Tingting*	5/5	N/A	N/A	N/A	N/A
Mr. Chen Shancheng	5/5	N/A	N/A	N/A	N/A
Mr. Chen Zeming	5/5	N/A	N/A	N/A	N/A
Independent Non-executive Directors:					
Ms. Wang Yingbin	5/5	2/2	2/2	3/3	N/A
Ms. Wong Yan Ki, Angel	5/5	2/2	2/2	3/3	N/A
Mr. Tian Tao	5/5	2/2	2/2	2/3	N/A
Ms. Xiao Huilin**	1/1	N/A	N/A	N/A	N/A

* Ms. Huang Tingting resigned on 29 March 2023.

** Ms. Xiao Huilin was appointed on 15 February 2023.

OUR BOARD (Continued)

Board Meetings, Committee Meetings and General Meetings (Continued)

Under the code provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. The Company was only listed on the Listing Date and only two Board meetings were held during the period from the Listing Date to 31 December 2022. All Directors attended these two meetings. Going forward, the Company will fully comply with the requirement under the code provision C.5.1 of the CG Code to convene at least four regular meetings each year at approximately quarterly intervals, to discuss our Company's overall strategies as well as operational and financial performance. Other Board Meetings shall be held as and when necessary.

Our Company was listed on 9 November 2022, shortly before 31 December 2022. During the period from the Listing Date to the date of this annual report, our Company held five Board Meetings, three Audit Committee Meetings, two Nomination Committee Meetings and two Remuneration Committee Meetings, and held no general meeting.

All Directors have the opportunity to include matters in the agenda for a regular Board meeting. Notices of regular Board meetings will be sent to Directors at least 14 days before the meeting date. For other Board and committee meetings, reasonable time is generally given.

The agenda together with relevant information will be sent to all Directors at least 3 days before each Board/Board committee meeting to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management when necessary. Directors can, upon reasonable request, seek independent professional advice in appropriate circumstances, at the expenses of the Company. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Directors to discharge their duties to the Company.

Minutes of each Board meeting will be drafted by the Company Secretary to record the matters discussed and decision resolved at the Board meeting sand circulated to the Board for comment within a reasonable time after each meeting. The final Board minutes are kept by the Company Secretary and are available for inspection by Directors.

OUR BOARD (Continued)

Chairman of the Board and Chief Executive Officer

Mr. Liu Jianhui, the Chairman and also the Chief Executive Officer, is responsible for the overall management and strategic planning of our Group.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive shall be separate and shall not be performed by the same individual. Mr. Liu currently holds both positions. Since establishment of our Group in 2012, Mr. Liu has been key leadership figure of our Group who has been deeply involved in the formulation of business strategies and determination of the overall direction of our Group. He has also been chiefly responsible for our Group's operations as he directly supervises our Directors (other than himself) and members of our senior management. Taking into account the continuation of the implementation of our business plans, our Directors (including our independent non-executive Directors) consider Mr. Liu the best candidate for both positions and the present arrangements are beneficial to and in the interests of our Company and our Shareholders as a whole.

Our Board will regularly review the strengths and weaknesses of this management structure and will take appropriate measures that may be necessary in the future, taking into account the nature and scope of our Group's business.

Independence of Independent Non-executive Directors

During the period from the Listing Date to the end of the Reporting Period, our Board always complied with the requirements of the Listing Rules for the appointment of at least three independent non-executive Directors who shall account for one third of our Board. One of these independent non-executive Directors shall have an appropriate professional qualification or expertise in accounting or related financial management. Our Board has received annual written confirmations of the independence from each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent persons.

Appointment, Re-election and Removal of Directors

The procedures and processes for the appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee shall be responsible for reviewing the composition of our Board, developing and formulating procedures for nominating and appointing directors, overseeing the appointment and succession planning of directors, and assessing the independence of independent non-executive Directors. In selecting and approving candidates for directors, our Board considers various criteria such as educations, qualifications, experiences, integrity and potential contributions to our Group.

Each of the executive Director has entered into a service agreement with our Company for a term of three years, subject to renewal after the expiry of the current term. Each of the independent non-executive Director has entered into a letter of appointment with our Company for a term of three years. According to the Articles of Association of our Company, all Directors of our Company must retire from office by rotation at an annual general meeting at least once every three years.

According to the Articles of Association of our Company, all Directors of our Company are subject to retirement by rotation at an annual general meeting at least once every three years. Any new Director appointed by the Board to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself/herself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

OUR BOARD (Continued)

Responsibility, Accountability and Contribution of Our Board and Management

Our Board shall have the responsibility of leading and controlling our Company and shall be jointly responsible for directing and overseeing the affairs of our Company.

Our Board shall formulate strategies and oversee the implementation of strategies directly or indirectly through its committees to lead and provide guidance to the management, oversee the operation and financial performance of our Group, and ensure the effective functioning of the internal control and risk management system.

All Directors (including independent non-executive Directors) shall bring valuable business experiences, knowledge and expertise in a variety of areas to our Board, so that our Board can function effectively and efficiently. The routine operations of our Group and the execution of the business plan are delegated to the management of our Group. Any significant transaction shall be approved by our Board in advance. In addition, our Board has established Board Committees and delegated various responsibilities to these Board Committees as set out in their terms of reference.

All Directors have full and timely access to all information of our Company, and, at a request, can seek independent professional advice in appropriate circumstances to discharge their duties to our Company at our Company's expenses. Our Company has written guidelines on no less exacting terms than the Model Code for its employees who may have unpublished internal information about our Company. No incident of non-compliance of the guidelines was noted.

All Directors shall ensure that they comply in good faith with applicable laws and regulations in discharge of their duties and at all times act in the interest of our Company and its shareholders. In addition, each Director shall ensure that he/she can devote sufficient time and attention to our Company's affairs, and shall disclose the number and nature of his/her position(s) in listed companies or organizations and other major commitments, as well as the identities of the listed companies or organizations and the time involved. Directors have agreed to disclose their commitments and any subsequent changes thereof to our company in a timely manner.

Induction and Continuous Professional Development of Directors

All Directors shall participate in the continuous professional development to deepen and further improve their knowledge and skills, and ensure that they make informed and relevant contributions to our Board. Newly appointed Director will be arranged a comprehensive, formal and tailored induction which includes provision of key guidelines, documents and publications relevant to their roles, responsibilities and ongoing obligations; a briefing on the Company's structure, businesses, risk management and other governance practices and meeting with other fellow Directors so as to help the newly appointed Directors familiarize with the management, business and governance policies and practices of the Company, and ensure that they have a proper understanding of the operations and businesses of the Company. Directors shall participate in continuous professional development courses and seminars organized by professional institutions or professional firms and read materials on relevant topics so that they can continuously deepen and further improve their knowledge and skills.

Our Company will arrange internal briefing sessions for Directors and issue reading materials on relevant topics to the Directors as appropriate. All Directors are encouraged to attend the relevant training courses at our Company's expenses. During the financial year 2022 and prior to the listing, all of our Directors (with the exception of Ms. Xiao Huilin) attended a training course on the duties, responsibilities and obligations of Directors under the Listing Rules and the SFO. Ms. Xiao Huilin has received a formal, all-round and targeted induction training at the time of her first appointment to ensure that she has an appropriate understanding of the business and operations of our Company and is fully aware of the duties and responsibilities as a Director under the Listing Rules and the relevant statutory requirements. During the Reporting Period, the Directors have been provided with reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances.

OUR BOARD (Continued)

Liability Insurance for Directors and Officers

According to the Articles of Association and applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain by the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate insurance covering the potential legal actions against its Directors and officers.

BOARD COMMITTEES

Our Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of our Company's activities. Written terms of reference have been formulated for each committee, which are in line with the relevant CG Code and available to shareholders on our Company's website and the Hong Kong Stock Exchange's website. The committees will report their findings and decisions and make necessary recommendations to the Board.

Minutes of committee meetings will be drafted by our company secretary and circulated in due course to committee members for comments. The final version of the minutes of committee meetings shall be kept by our company secretary (the "Company Secretary"), and these minutes are open for inspection by any Director. All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are be able to seek independent professional advice in appropriate circumstances at our Company's expenses.

The chairmen and members of these Board Committees are listed in the "Company Information" of the report.

Details of each committee and their duties are as follows:

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the CG Code. The Audit Committee comprises Ms. Wong Yan Ki, Angel, Ms. Wang Yingbin and Mr. Tian Tao as its members. Ms. Wong Yan Ki, Angel, an independent non-executive Director holding the appropriate professional qualifications, was appointed to serve as the Chairperson of the Audit Committee.

The primary duties of the Audit Committee are mainly to make recommendations to our Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee the internal control procedures of our Company. The terms of reference of the Audit Committee are in line with the provisions of the CG Code and are available on our Company and the Hong Kong Stock Exchange website.

During the period from the Listing Date to the date of this report, the Audit Committee held three meetings, to review the appointment of BDO Limited as the auditor of our Group as well as the effectiveness and adequacy of the risk management and internal control system, and review and oversee the independence and objectivity of the external auditor and the effectiveness of audit procedures, the audit scope and reporting obligations of the external auditor, the expected form and content of the audit report of the independent auditor in 2022 as well as the consolidated financial statements, annual report and annual result announcement of our Group in 2022.

BOARD COMMITTEES (Continued)

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with Rules 3.25 to 3.27 of the Listing Rules and the CG Code. The Remuneration Committee comprises Ms. Wang Yingbin, Ms. Wong Yan Ki, Angel and Mr. Tian Tao as its members. Ms. Wang Yingbin was appointed as the Chairperson of the Remuneration Committee. The primary functions of the Remuneration Committee are to make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review the contract terms of Directors and senior management of the Group, make recommendations to the Board on the remuneration packages of individual Directors and senior management, review and approve incentive schemes and performance-based remuneration and ensure none of our Directors is in a position to determine their own remuneration. The terms of reference of the Remuneration Committee are in line with the provisions of the CG Code and are available on our Company's website.

During the period from the Listing Date to the date of this report, the Remuneration Committee held two meetings, to review the remuneration of Ms. Xiao Huilin, the newly appointed independent non-executive Director, and to review and make recommendation to the Board on the remuneration policy, remuneration package and structure of all Directors and senior management of the Group.

Details of the remuneration for the Directors for the year ended 31 December 2022 are set out in Note 14 to the consolidated financial statements.

Directors' and Senior Management's Remuneration

As at 31 December 2022, the aggregate amount of remuneration paid by our Group (including salaries, allowances, discretionary bonus and contributions to pension schemes) to our Directors was approximately RMB3,335,000. Details of directors' remuneration are set out in Note 14 to the consolidated financial statements.

As at 31 December 2022, the aggregate amount of remuneration paid by our Group to the five highest paid individuals (other than directors) was approximately RMB532,000. Details of the five highest paid individuals of our Group are set out in Note 14 to the consolidated financial statements.

Remuneration levels are based primarily on experiences, terms of reference, work performances, time invested in our Company, prevailing market prices, salaries paid by comparable companies and remuneration packages elsewhere in our Group. The remuneration paid to the directors and senior management of our Company in 2022 falls within the following scope:

Remuneration Band (RMB)	Number of Individuals
Nil to HKD1,000,000	11

BOARD COMMITTEES (Continued)

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with 3.27A of the Listing Rule. The Nomination Committee comprises Mr. Tian Tao, Ms. Wang Yingbin and Ms. Wong Yan Ki, Angel as its members. Mr. Tian Tao was appointed as the Chairperson of the Nomination Committee. The primary functions of our Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and make recommendations to our Board on any proposed changes to our Board to complement our Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to our Board on the selection of individuals nominated for directorships; assess the independence of our independent non-executive Directors; and make recommendations to our Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of the chairman and the chief executive officer. The terms of reference of the Nomination Committee are in line with the provisions of the CG Code and are available on our Company and the Hong Kong Stock Exchange website.

During the period from the Listing Date to the date of this report, the Nomination Committee has held two meetings to review the nomination of Ms. Xiao Huilin as a new independent non-executive Director and the structure, number, and composition of the Board, assess the independence of the independent non-executive Directors, and consider matters such as the resignation of Directors at the forthcoming annual general meeting.

Board Diversity Policy

The Company has adopted the Board Diversity Policy, which sets out the objectives and approaches to enhance the effectiveness of the Board and maintain a high standard of corporate governance and diversity of the Board. In accordance with the Board Diversity Policy, the Company seeks to achieve the diversity of the Board by considering a number of factors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, and length of service.

The Board comprises four female Directors and four male Directors with a balanced mix of knowledge and skills in areas such as information technology, creative media, business and operations management, investment management, accounting, and financial management. The Board believes that the composition of the Board satisfies the requirements of the Board Diversity Policy.

As at 31 December 2022, the full-time employees of the Group (including the senior management comprise about 53.42% male and 46.58% female.)

We are also committed to adopting a similar approach to promote diversity at all other levels of the Company, including the Board, to enhance the effectiveness of our corporate governance as a whole.

The Nomination Committee is responsible for reviewing the diversity of the Board annually. The Nomination Committee monitors and evaluates the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness.

Currently, the Nominating Committee considers that our Board fully satisfies the Board Diversity Policy and has no other measurable targets left unaccomplished. During the year, the Nomination Committee also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board.

BOARD COMMITTEES (Continued)

Corporate Governance Function

The Company does not have a corporate governance committee. The Board is responsible for performing the functions set out in A.2.1 of the CG Code. With the assistance of the Audit Committee, the Board reviews the Group's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the compliance of the Group's policies and practices with legal and regulatory requirements, and the compliance of the Group with the Model Code and CG Code and the disclosure requirements in the Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms its responsibility for the Company's risk management and internal control systems and reviews the effectiveness of such systems. Risk management and internal control measures are designed to manage, but not eliminate, the risk of failure in operational systems and achievement of the Group's objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board, through the established internal audit function, conducts annual reviews on the effectiveness of the Group's internal control system, including risk management and internal control, as well as the resources of the Company's financial and accounting reporting departments, in accordance with the applicable legal requirements and other internal control regulatory requirements.

In the Reporting Period, the Board reviewed the effectiveness of the Company's risk management and internal control systems and considered the systems as effective and adequate. The annual review also covers the financial reporting and internal audit functions, as well as the qualifications, experience, and relevant resources of employees.

The Company recognizes that risk management is essential to the success of its business operations. The main operating risks faced by the Company include the overall market conditions and changes in the regulatory environment in FMCG, footwear and apparel, and real estate industries.

The Board continuously monitors the Group's risk management framework, review the Group's significant risks and conducts an annual review of the effectiveness of the risk management system. The Board determines the nature and extent of significant risks it is willing to take in achieving the strategic objectives of the Group.

To monitor the continuous implementation of risk management policies and corporate governance measures, we have adopted the following risk management measures:

- Establish the Audit Committee to review and supervise our financial reporting process and internal control system. Our Audit Committee consists of three members, comprising Ms. Wong Yan Ki, Angel, Ms. Wang Yingbin and Mr. Tian Tao and chaired by Ms. Wong Yan Ki, Angel, all of whom are independent non-executive Directors.

- Adopt various policies and systems in terms of, among others, anti-corruption, anti-money laundering, financial reporting, fixed asset and bank account management, information system maintenance, conflict of interests management; and

- Put in place a whistle-blowing mechanism for employees, customers and suppliers for reporting and handling of corruption conduct. The Board has designated the Audit Committee to receive on his behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information, including recommendations arising from any investigations to Audit Committee for consideration by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

To ensure the compliance with the advertising laws in the PRC, we have adopted the following internal control measures:

- We have implemented certain provisions in the contracts with our customers that require them to provide us with the corresponding qualifications in relation to the advertising content to ensure the legality of and compliance with the relevant laws and regulations of such content. We also require the customers to warrant that the advertising content entrusted to us shall comply with the advertising laws and relevant laws and regulations in the PRC. Where such provisions in the contract are breached, the customer shall bear liability for such breach.

- We will review the business qualifications of our suppliers to ensure that they are in compliance with the relevant laws and regulations.

- We have implemented certain provisions in the contracts with our suppliers that require them to warrant that the provision of services or products from them are compliant with the advertising laws and relevant laws and regulations in the PRC. For certain suppliers, we require them to provide us with the proof of their relevant advertising qualifications pursuant to the contract.

To prevent infringement of third party intellectual property rights on software, we have adopted the following internal control measures:

- Our IT Department, which serves as a centralised department, is responsible for reviewing and approving all software purchase requests from our employees and for managing the use of our computer system and software; and

- We have established a centralised data system on the Group's software. We perform periodic reviews and examinations, among others, the adequacy of the licences purchased, and the use and management of our software.

With the assistance of the Audit Committee and external consulting firms, the Board has conducted an annual review of the effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2022. The working procedures of the review include, but are not limited to, listening to reports by the business management team and external auditors, reviewing the results of the management's self-assessment and risk assessment of the internal control system, and discussing material risks with the Group's senior management. The Board believes that, during the Reporting Period, the Group's internal control and risk management systems were effective and adequate and the Group has complied with the provisions of the CG Code on internal control and risk management.

The Company has procedures and internal controls for the handling and dissemination of inside information. In practice, employees of the Group who become aware of any events and/or matters which he/she considers this is potentially inside information will report to the designated personnel of the Company who, if considered appropriate, will pass such information to the Board for the purpose of considering and deciding whether or not such information constitutes inside information and disclosure of which shall be made immediately.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board confirms its responsibility for the preparation of the financial statements of the Company for each financial year and makes sure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures that the financial statements are published in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement made by our auditor regarding its responsibilities and opinions on the financial statements is set out in the "Independent Auditor's Report" section of the annual report.

INDEPENDENT AUDITOR'S REMUNERATION

For the year ended 31 December 2022, the remuneration paid to our independent auditor, BDO Limited, for audit and non-audit services is set out below:

Service category	Fees Paid/ Payable RMB'000
Audit services	
– Annual audit	1,442
– Audit for the Listing	2,322
Total	3,764

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial services. Ms. Tang Wing Shan Winza ("Ms. Tang") was appointed as the company secretary of the Company on 21 January 2022. Ms. Tang is the assistant vice president of the governance services of Computershare Hong Kong Investor Services Limited. For her biographical information, please refer to the section headed "Biographics of Directors and Senior Management" on page 30 of the annual report. Directors have access to the advice and services of the company secretary on corporate governance and the Board's practices and matters.

The primary contact of the Company is Mr. Chen Shancheng, our executive Director.

For the year under review, Ms. Tang has received at least 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The code provision F.1.1 of the CG Code provides that the issuer shall formulate a policy for the payment of dividends and disclose such policy in its annual report. The Company does not have any predetermined dividend payout ratio. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, development pipelines, capital requirements and surpluses, general financial conditions, contractual limitations, and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws.

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

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS

Communications between the Company and shareholders are carried out through various channels.

To protect the rights and interests of shareholders, the Company will submit independent resolutions on various major individual matters (including the election of individual Directors) at general meetings. The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll will be declared at the meeting and published on the websites of the Hong Kong Stock Exchange and the Company after the conclusion of the general meeting.

Convening an Extraordinary General Meeting

Any one or more shareholders holding, at the date of deposit of a requisition, not less than one-tenth of the paid-up capital of the Company and having the right of voting at general meetings ("Eligible Shareholders") shall be entitled at any time by a written requisition addressed to the Board or the Company Secretary to require the Board to convene an extraordinary general meeting for the transaction of any business specified in the requisition, including making recommendations and proposing resolutions at the extraordinary general meeting.

An Eligible Shareholder who wish to convene an extraordinary general meeting to make a recommendation or propose a resolution at the extraordinary general meeting must deliver to the head office or the principal place of business in Hong Kong a written requisition (the "Requisition") signed by the Eligible Shareholder concerned.

The Requisition must clearly state the name of the Eligible Shareholder concerned, his/her shareholding in the Company, the reason for convening the extraordinary general meeting, the proposed agenda to be included, and the particulars of the business proposed to be transacted at the extraordinary general meeting, and be signed by the Eligible Shareholder concerned.

If the Board, within 21 days of the deposit of the Requisition, neither notifies the Eligible Shareholder of any contrary result, nor proceeds to convene an extraordinary general meeting, the Eligible Shareholder may convene an extraordinary general meeting in accordance with our Articles of Association and Memorandum of Association and organizational structure. All reasonable expenses incurred by the Eligible Shareholder concerned as a result of the failure of the Board to convene the extraordinary general meeting shall be reimbursed to the Eligible Shareholder concerned by the Company.

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS (Continued)

Inquiry to the Board and Contact Details

The shareholders of the Company may submit their inquiries and concerns in writing by addressing them to the Board by post or delivery to the head office or the principal place of business in Hong Kong. Generally, the Company does not deal with verbal or anonymous inquiries.

Attention: Board of Directors of Many Idea Cloud Holdings Limited
Address: 12/F, ERKE Group Mansion, 11 Guanyin Shan, Hualien Road, Siming District, Xiamen, Fujian Province, PRC
Principal place of business in Hong Kong: 2408, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong

For the avoidance of doubt, a duly signed original of the requisition, notice, statement, or inquiry, as the case may be, must be sent by a shareholder to the above address, together with the full name, contact details, and identity of the shareholder. Shareholder information may be disclosed in accordance with the law.

Putting Forward Proposals at General Meetings by Shareholders

There is no provision allowing the Company's shareholders to put forward new resolutions at general meetings under the Companies Law of the Cayman Islands or the Articles of Association of the Company. The Company's shareholders who wish to put forward a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph. For Shareholders' right to nominate candidates for directors, please refer to "Procedures for Shareholders to propose a person for election as a Director" on the website of our Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with shareholders is important to strengthening investor relations and investors' understanding of the Group's business performance and strategies. The Company is committed to maintaining an ongoing dialogue with our shareholders, in particular through the AGM and other general meetings. Directors or their representatives (if applicable) will meet with the shareholders at the forthcoming AGM and reply to inquiries.

To facilitate effective communication, the Company maintains a website https://www.manyidea.cloud/, which contains information and updates on our business development and operations, financial information, corporate governance practices, and other data for public inspection.

The Company is of the view that the current channel of shareholders communication was implemented effectively during the year ended 31 December 2022 as the Company was able to understand the views of its shareholders through the channels described above.

CHANGE OF CONSTITUTIONAL DOCUMENTS

The Articles of Association were amended and restated on 12 October 2022, effective from the Listing Date. In the period from the Listing Date to 31 December 2022, the Company has not made any material alterations to its constitutional documents. The latest versions of the Memorandum and Articles of Association are available on the websites of the Company and the Hong Kong Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 ABOUT THE ESG REPORT

Many Idea Cloud Holdings Limited (the "Company") and its subsidiaries (the "Group" or "We") are pleased to issue our environmental, social and governance report (the "ESG Report" or the "Report") to demonstrate our principles and sustainable development philosophy in fulfilling our corporate social responsibility and to summarize our environmental, social and governance ("ESG") work and practices, thus helping stakeholders to better understand our progress and direction on sustainability issues.

• Scope of the ESG Report

The ESG Report covers the Company and its subsidiaries. The Reporting Period ranges from 1 January 2022 to 31 December 2022 (the "Reporting Period"). The environmental KPIs disclosed in the ESG Report cover our main premises in Xiamen, Xinjiang, and Hainan.

• Reporting criteria

The ESG Report was prepared in accordance with Appendix 27 of the *Listing Rules of Securities of the Stock Exchange of Hong Kong Limited ("SEHK") – Guidelines on Environmental, Social and Governance Report (the "ESG Guidelines")*. The ESG Report complies with the "comply or explain" disclosure requirements of the *ESG Guidelines* and explains the inapplicable disclosure provisions. The ESG Report has been prepared in accordance with the following reporting principles:

"Materiality": The Group determines important ESG topics through stakeholder engagement and materiality assessment which have been disclosed in the ESG Report;

"Quantification": The criteria, methodologies, and sources of emission factors used in reporting emissions and energy data have been disclosed in the ESG Report;

Consistency: Unless otherwise specified, we adopt methods and framework of reporting consistent with the internal records of the Group in collecting data in relation to environmental and social key performance indicators, and strives to enhance the comparability across reporting years.

Balance: This Report makes objective and fair disclosures, reports to stakeholders our performance and challenges on sustainability in a candid manner, and provides to stakeholders the information necessary for making investment decisions.

Feedback

For details in relation to our financial performance and corporate governance, please visit our website on https://www.manyidea.cloud/ and our annual report. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to our head office at info@many-idea.com.

The Board of Directors is responsible for monitoring the Group's ESG-related risks over time, and it confirmed that appropriate and effective ESG risk management and internal control systems are in place.

1 ABOUT THE ESG REPORT (Continued)

1.1 About Many Idea

Founded in 2012 and listed on the Main Board of the Hong Kong Stock Exchange in November 2022 (stock code: 6696), Many Idea Cloud Holdings Limited ("Many Idea") is a leading one-stop digital smart marketing service provider in China.

In 2012, Many Idea launched public relations event planning services. We expanded our business operations to include digital marketing and media advertising services with the continuous upgrading of the industry. In 2016, Many Idea expanded its operations related to content marketing which is also the basis for the Company to become a leader in the marketing industry for decades. With the increasing demand of the market, customers' voices on online private traffic have also become extremely high. Many Idea initiated the development of SaaS interactive marketing services in 2018 and officially launched the SaaS interactive marketing (Content Engine) platform in 2021.

The business model of Many Idea focuses on integrated marketing and SaaS interactive marketing. Integrated marketing includes content marketing, digital marketing, public relations event planning, and media advertising. By integrating "online" and "offline" media channel resources, Many Idea provides customers with integrated marketing solutions, thus improving the publicity effect of customer marketing activities.

In terms of public traffic: Through our long-standing strategic partnerships with well-known leading media platforms such as Toutiao, Tiktok, Kuaishou, NetEase, Xiaohongshu and Baidu, we have provided customers with one-stop online and offline integrated marketing solutions featuring media + creativity.

In terms of private traffic: With our Content Engine (i.e. interactive marketing tool platform) and "Technology+Operation" model, we have helped enterprises acquire numerous customers at a low cost and conducted promotions through private traffic to improve their capabilities to acquire new customers and achieve sales growth.

1.2 ESG Governance Structure

In view of the importance of enhancing our environmental and social benefits to sustainable operations, we have incorporated ESG risks and opportunity factors into our business strategy and established an ESG management organizational structure with clear responsibilities to guide our day-to-day business operations. We will regularly review our ESG policies and strategies to ensure that they are relevant and applicable to our business.

We have established an ESG management system to define the management functions and responsibilities at all levels. The ESG Working Group comprised relevant heads of various functional departments is responsible for carrying out specific work and assisting the Board of Directors of the Company (the "Board") in keeping abreast of our ESG risks and work to better integrate ESG factors into our planning and day-to-day operations.

1 ABOUT THE ESG REPORT (Continued)

1.2 ESG Governance Structure

Our Board

- Act as the highest decision-making body for ESG management;
- Supervise the Group's ESG matters and assume full responsibility for the Group's ESG strategies and reporting;
- Formulate ESG management policies and strategies, including assessing, prioritizing, and managing key ESG-related issues and their risks to the Company's business;
- Review the Group's ESG performance and progress toward achieving its objectives at regular intervals; and
- Monitor and approve annual ESG reports at regular intervals.

Management

- Arrange for the ESG Working Group to carry out relevant work according to the policies and strategies formulated by the Board;
- Report ESG-related risks and opportunities to the Board; and
- Provide the Board with the Group's annual ESG performance and annual ESG reports.

ESG Working Group

- Designate personnel to carry out day-to-day ESG work and prepare annual ESG reports;
- Report daily ESG performance to the management; and
- Collect information and data, prepare annual ESG reports and report the reports to the management.

1 ABOUT THE ESG REPORT (Continued)

1.3 Stakeholder Communication

We highly value the comments and suggestions of stakeholders and use the same as an important reference for the development of business strategies. We have initiated close communication with our stakeholders through various channels to better understand their expectations and demands.

Key Stakeholders	Communication Channels
Customer	• Customer Service Centre • Activities to increase customer loyalty • Daily operation and communication • Online service platforms • Via telephone • Via email
Employee	• Performance appraisal and interviews • Panel discussions • Meeting interviews • Special Advisory Committee, and Panels • Employee communication meetings • Employee intranet
Shareholder/Investor	• AGM and other general meetings • Quarterly, interim and annual reports • Corporate communications, such as letters to shareholders, circulars and notices of meetings • Results announcements • Meeting of investors

1 ABOUT THE ESG REPORT (Continued)

1.3 Stakeholder Communication (Continued)

Key Stakeholders	Communication Channels
Business Partner	• Meetings and conferences • Interviews • Reports
Supplier	• Appraisal system for suppliers and contractors • Meetings and conferences
Regulatory Authority	• Meetings and conferences
Media	• Press releases • Results announcements
Community/ Non-governmental organization	• Volunteer activities • Donation
Competitor	• Group announcements

1 ABOUT THE ESG REPORT (Continued)

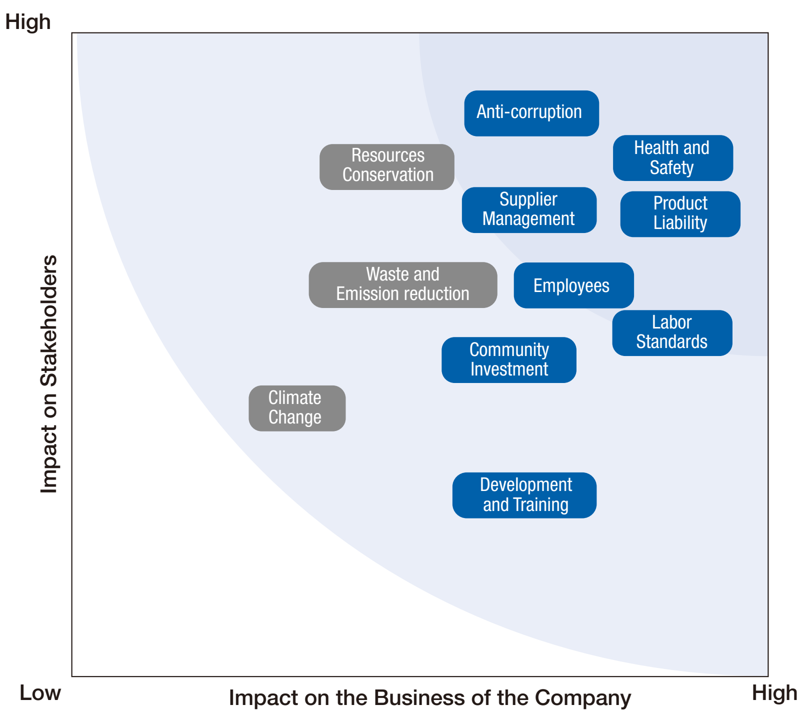
1.4 Substantive Evaluation

In 2022, we identified key ESG issues through substantive evaluations by the following steps, so as to guide the Group's ESG:

1. Identification of ESG issues: According to the requirements of the ESG Guidelines, we identified 11 ESG issues related to the Group based on our business development strategy, industry trends and the concerns of internal and external stakeholders;

2. Scoring and ranking: We scored and ranked the ESG issues identified, evaluated and adjusted the issues in two dimensions: "impact on the company's business" and "impact on stakeholders", and compiled a substantive evaluation matrix; and

3. Evaluation results: The Group's management and ESG Working Group determined a preliminary result through discussion, and finally identified and highlighted the key ESG issues of the Group for disclosure in this report.



Material Assessment Results

2 CREATING EXCELLENT PRODUCTS

2.1 Iteration and Upgrade of Products

The knee-jerk response to the normalized prevention and control of COVID-19 is becoming a routine business rhythm, and the SaaS market is one of the intrinsic drivers for the digital transformation of enterprises. In terms of SaaS interactive marketing and internal IP development, we continued to consider the situation changes in products, brands, channels and other scenarios from the perspective of customers, and upgraded our marketing strategies to accelerate the digital development process.

2.2 Optimization of Service Quality

We regard our customers as the foundation of our business and continue to provide services and create value for our customers to achieve win-win results with them. We continued to benefit from our large customer base by strengthening the liquidity of our existing customers. We monetized subscription solutions and merchant solutions through cross-marketing and cross-selling between different products and services, as well as upgrades of products and services.

On the basis of SaaS services and understanding the real needs of merchants, we provided integrated services, such as system services, traffic orders, recommendations for management, and talent services, to assist merchants in the smooth transition of all links in the business process and allow for a more efficient transaction process, better experience and a healthier ecological environment, thus bringing long-term benefits to merchants.

We always insist on serving customers in an open, flat and equal manner, and providing a series of smart business solutions to continuously create value for our customers and assist enterprises in digital transformation, achieving smarter business.

2.3 Protection of Information Security

As a leading one-stop digital smart marketing service provider in China, we not only improve customer service quality and work efficiency and launch high-quality digital products, but also strictly abide by national laws and regulations, implement strict information management processes, sort out and optimize the information security management system, and define the division of responsibilities of the security system to protect data management and customer information confidentiality.

We treat the data privacy of our customers and their consumers as confidential. The Group protects the personal information of customers and their consumers through SaaS technology research and development. The Group strictly abides by the Regulations of the People's Republic of China on Information Protection and Security Protection of Computer Information Systems, the Cybersecurity Law of the People's Republic of China, the Provisions on Technical Measures for Internet Security Protection, the Measures for the Administration of Internet Information Services, the Measures for the Administration of Security Protection of International Networking of Computer Information Networks and other relevant laws and regulations.

As our business will involve private information, we attach great importance to information security, and also provide relevant training for employees to strengthen their awareness and responsibility of safeguarding data security.

2 CREATING EXCELLENT PRODUCTS (Continued)

2.4 Supplier Management

In order to provide our customers with higher-quality services and win-win cooperation, we are also paying attention to the risk management of our suppliers and urging them to pay attention to the environmental and social risks that can arise during the service process. We have established a standardized supplier management mechanism, giving priority to partners who are socially responsible and adopt environmentally friendly products and services, and working with suppliers to improve environmental and social performance and to grow together in the Internet era for sustainable development.

3 ATTACHING IMPORTANCE TO EMPLOYEE CARE

3.1 Talent Cultivation

The Company's steady development cannot be achieved without a high-quality talent team. We are fully aware that the recruitment of talents is crucial to the development of the Group. In order to strengthen the competitiveness of the Group, we continuously review and improve our training system and develop annual training plans to efficiently improve the professional skills of our employees.

We have also developed training plans according to the needs of employees at different levels. Therefore, we constantly improve our talent team building plan, strive to provide a healthy, safe, equal and inclusive working environment for our employees, eliminate any form of discrimination related to gender, marital status, age, race, skin colour, disability, nationality, religion, etc., to achieve mutual growth with our employees.

3.2 Employee Management Practices

We strictly abide by the Labour Contract Law of the People's Republic of China, the Labour Law of the People's Republic of China, the Regulations for the Implementation of the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Regulations on the Prohibition of Child Labour and other local laws and regulations.

Recruitment and Dismissal

Our Human Resources Department will formulate quarterly recruitment plans according to the actual needs of each business unit and recruit talents through various channels. We take education, work experience and other factors into consideration in the recruitment process and assess applicants in a variety of ways to select the right person. During the assessment process, the Human Resources Department will check the applicant's identity documents to ensure that the employees recruited meet the legal requirements. We will sign a legal employment contract with each employee recruited on an equal, voluntary and consensual basis, so as to protect the rights and interests of both parties.

We set out the specific conditions and procedures for terminating the labour contract with employees in the Employment Contract and Employee Manual, to ensure that no employees are dismissed at will.

3 ATTACHING IMPORTANCE TO EMPLOYEE CARE (Continued)

3.3 Life Care for Employees

We understand the importance of work-life balance. Therefore, we have developed the Welfare System. In addition to the five social insurances and one housing fund and statutory holidays, we also provide employees with paid annual leave, sick leave, marriage leave, maternity leave, paternity leave, work-related injury leave, funeral leave, etc. We will provide gifts to celebrate every statutory holiday and employee's birthday, as well as many other benefits, such as moon cakes for Mid-Autumn Festival, and year-end dinner. In order to strengthen communication and contact between employees, we also hold various team-building activities and club activities from time to time.

3.4 Safeguarding Health and Safety

The Group strictly abides by the requirements of laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Work Safety Law of the People's Republic of China, the Regulations on the Supervision and Administration of Occupational Health in the Workplace and the Regulations on Work-related Injury Insurance. In addition to providing employees with the necessary training and guidance on occupational safety and health, we also conduct general safety education for new employees to acquaint them with the Group's safety regulations and emergency measures.

We provide free annual medical check-ups for our employees, so as to get them into the habit of health check-ups. We will constantly review and improve the Group's health and safety management system to enhance the healthy quality of life of our employees.

4 PURSUING GREEN DEVELOPMENT

The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution and other relevant laws and regulations.

Although the Group's business does not have a significant impact on natural resources, we actively take appropriate environmental measures to enhance the Group's environmental performance. Also, we raise the environmental awareness of our employees through publicity and by encouraging them to participate in environmental activities.

4 PURSUING GREEN DEVELOPMENT (Continued)

4.1 Green Office

We actively promote the concept of green office and encourage our employees to start out small and gradually enhance their awareness of environmental protection and energy conservation. In 2022, the Group took a series of measures for energy conservation and emission reduction:

- We regularly remove waste and managed waste in strict categories, focusing on recycling waste that can be reused and encouraging recycling;
- We encourage our employees to go paperless, so as to minimize document copying and printing, advocate double-sided printing and reuse of waste paper, and avoid unnecessary paper waste;
- All air conditioner pedals are covered by locking boxes in the offices of the main building, so the temperature in the office area is uniformly controlled at 26°C by the security guard;
- In strict accordance with the Regulations of Xiamen Municipality on Domestic Waste Management, we strengthen the publicity of garbage classification, accelerate the popularization process of garbage classification knowledge, paste posters with garbage classification signs in the office area, and provide garbage cans on each floor uniformly;
- We encourage teleconferencing and web conferencing, and advocate the green meeting mode; and
- We adopt LED lights for our lighting system and make full use of natural light.

The Group's emissions are from GHG emission reduction objects and the Group's vehicles (exhaust gases other than GHG), among which emissions of GHG Scope 1 are mainly from vehicle fuel consumption, and those of Scope 2 are from electricity consumption during operation of the Group. To reduce emissions, we not only regularly maintain our fleet, encourage our employees to take transit trips, and optimize our vehicle routes, but also promote low-carbon technology innovation and actively track low-carbon technologies and new products in the industry.

This year, we continued to conduct GHG inventories for the environmental scope of this report with reference to the GHG Protocol issued by the World Resources Institute and the World Business Council for Sustainable Development and to ISO14064-1 formulated by the International Organization for Standardization. The results are as follows:

Resource consumption	2022
Electricity purchased (kWh)	201,160.99
Fuel consumed by vehicles (L)	22,473.57

Emissions	2022
GHG emissions (tCO_2e)	175.55
Scope 1 (tCO_2e)	17.64
Scope 2 (tCO_2e)	157.91
GHG emission intensity (tCO_2e/income (RMB'000))	0.0004

Note:

The GHG emissions are presented in carbon dioxide equivalent, and calculated by the method and conversion factors in the Guidelines for GHG Emission Accounting and Reporting of Public Building Enterprises issued by the National Development and Reform Commission.

4 PURSUING GREEN DEVELOPMENT (Continued)

4.1 Green Office (Continued)

As electricity consumption and fuel consumed by vehicles were the major sources of the Group's GHG emission, the Group will continue to strengthen its energy-saving measures in daily operation. We encouraged our staff to turn off idle appliances and use energy-efficient appliances. The use of natural lighting In our office was also encouraged. Apart from these measures, the Group will also conduct regular checks and maintenance of the vehicles, in order to ensure energy efficiency and minimize the production of GHG.

The Group is well aware of the importance of waste emission reduction. During the Reporting Period, the Group did not generate any hazardous waste. The main business premises of the Group are offices, so the non-hazardous waste are mainly from domestic waste and waste paper, of which the domestic waste mainly includes waste from office supplies and food residues. In terms of the treatment of non-hazardous waste, the non-hazardous waste generated by the Group is collected and processed by the property management unit, and then transferred to the waste transfer station for disposal in accordance with national treatment standards. To maintain a low level of non-hazardous waste, we advocate a paper less work environment and encourage our employees to use electronic systems instead of printed documents. A recycling box has also been placed in the office to collect paper products including paper boxes, envelopes and reusable paper. To further strengthen our reduction in paper waste, the Group will advocate natural resources conservation in a bid to remind our employees of the importance of paper waster eduction. The Group will make continuous efforts in maintaining the intensity of total non-hazardous waste at/below 20 kg to 25 kg per employee in the next Reporting Period.

Waste Generation	Unit	Emissions	
		2022	2021
Total non-hazardous waste produced	ton(s)	4.1	4.9
Non-hazardous waste production density	ton(s)/employee	0.03	0.03

4.2 Resource Saving

With the goal of rational use of electricity, water and other resources, the Group actively implements different energy conservation measures to prevent the waste of resource. The breakdown of electricity consumption and water consumption of the Group during the Reporting Period is as follows.

4 PURSUING GREEN DEVELOPMENT (Continued)

4.2 Resource Saving (Continued)

Use of resources

Power consumption	Unit	Consumption 2022
Power consumption	MWh	201.2
Power consumption density	MWh/employee	1.2

Water consumption	Unit	Consumption 2022
Water consumption	Ton	650.0
Water consumption density	Ton/employee	4.0

The Group attaches great importance to the management of rational use of resources. The Group has adopted various measures to reduce energy consumption in energy-saving offices, including using high-energy-efficiency equipment, turning off lighting equipment, air-conditioning equipment and other electronic equipment when they are not in use, cleaning electrical appliances regularly and keep it running as efficiently as possible, check electrical appliances regularly and make necessary repairs and maintenance. We also collect statistics on electricity consumption every month to monitor the situation of electricity consumption, find out the reasons for any abnormality and make necessary improvements immediately.

The Group has formulated and adopted a number of regulations on energy conservation and water conservation, implemented education in terms of energy conservation and environmental protection awareness in daily office work so as to improve employees' energy conservation awareness. The Group requires employees to turn off all power, electrical equipment, and air-conditioning systems before getting off work every day and the employee who leaves last each day must make sure that all power is turned off so that electricity can be saved. Meanwhile, we gradually introduce and update energy-saving and water-saving equipment and technologies, respond to the national "double carbon" goals, and promote green development. The Group has a stable source of water supply, and there is no problem in obtaining suitable water sources. In addition, the Group is not involved in the manufacture of any product during its operations, therefore, the Group does not use any packaging materials.

4.3 Addressing Climate Change

The Group understands that climate change is closely related to its business development and therefore continuously monitors the impact of climate change on the Group. Through consultation with senior consultants, we assessed and identified the physical risks and transition risks related to climate change this year with reference to relevant international research and the Group's existing risk management policies.

Market risks belonging to transition risks are identified as high risks. We understand that a growing number of stakeholders are increasingly demanding of companies on climate change. If we fail to meet our stakeholders' expectations, we risk losing our reputation, customers and even our competitive edge. In this regard, we will improve the identification of climate change risks and opportunities in accordance with the requirements of the Task Force on Climate-Related Financial Disclosure ("TCFD").

As the Group's geographical location is less likely to be affected by extreme weather (such as hurricanes, heavy rainfall, and flooding) or chronic risks (such as sea level rise), and no high-intensity carbon emissions are from its business, the regulatory risks belonging to physical risks are rated as low risks.

5 SOCIAL SERVICES BY SCIENCE AND TECHNOLOGY

We understand that philanthropy should not simply be about "donating" and "doing good", but requires sustainable self-development and self-regeneration. Therefore, we are committed to helping public interest organizations reduce channel costs and system development costs, enhance their independence, and allow them to devote more energy to social services. In the future, we will also participate in social services and philanthropy to develop ourselves into the most influential enterprise.

Index of ESG Guidelines

Item	Requirements	Index of Report
A1 Emissions	General disclosure Information on exhaust and GHG emissions, discharges to water and land, hazardous and non-hazardous waste Information on emission generation (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a material impact on the Issuer; *Note:* Exhaust emissions include nitrogen oxides, sulphur oxides, and other pollutants subject to national laws and regulations. GHG emissions include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Hazardous waste has the meaning defined by national regulations.	4.1 Green Office
KPI A1.1	Emission types and relevant emission data	4.1 Green Office
KPI A1.2	Total direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tons) and, if applicable, intensity (if calculated per production unit and per facility)	4.1 Green Office
KPI A1.3	Total hazardous waste generated (in tons) and, if applicable, density (if calculated per production unit and per facility)	4.1 Green Office
KPI A1.4	Total non-hazardous waste generated (in tonnes) and, if applicable, density (if calculated per production unit and per facility)	4.1 Green Office

5 SOCIAL SERVICES BY SCIENCE AND TECHNOLOGY (Continued)

Index of ESG Guidelines (Continued)

Item	Requirements	Index of Report
KPI A1.5	Describe the emission reduction targets set and the steps taken to achieve such targets	4.1 Green Office
KPI A1.6	Describe the methods for disposing of hazardous and non-hazardous waste, as well as the waste reduction targets set and the steps taken to achieve such targets	4.1 Green Office
A2 Use of Resources	General disclosure Policies for the efficient use of resources, including energy, water and other raw materials *Note:* Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.	4.2 Resource Saving
KPI A2.1	Total consumption of direct and/or indirect energy (such as electricity, gas, or fuel) by type (calculated in thousands of kWh) and density (if calculated per production unit and per facility)	4.2 Resource Saving
KPI A2.2	Total water consumption and density (if calculated per production unit and per facility)	4.2 Resource Saving
KPI A2.3	Describe the energy efficiency targets set and the steps taken to achieve such targets	4.2 Resource Saving
KPI A2.4	Describe any problems that may arise in accessing applicable water sources, as well as the water efficiency targets set and the steps taken to achieve such targets	4.2 Resource Saving
KPI A2.5	The total quantity of packaging materials used in the finished product (in tons) and, if applicable, the estimated quantity per production unit	4.2 Resource Saving
A3 Environment and Natural Resources	General disclosure Policies to reduce the Issuer's significant impact on the environment and natural resources	4.2 Resource Saving
KPI A3.1	Describe the significant impacts of the business activities on the environment and natural resources and the actions taken to manage such impacts	4.2 Resource Saving

5 SOCIAL SERVICES BY SCIENCE AND TECHNOLOGY (Continued)

Index of ESG Guidelines (Continued)

Item	Requirements	Index of Report
A4 Climate Change	General disclosure Policies to identify and respond to significant climate-related issues that have and may have an impact on the Issuer	4.3 Addressing Climate Change
A4.1	Describe significant climate-related issues that have and may have an impact on the Issuer and actions to address such issues	4.3 Addressing Climate Change
B1 Employment	General disclosure Information on recruitment and dismissal; Policies; and Information on compliance with relevant laws and regulations that have a material impact on the Issuer	3.2 Employee Management Practices
B2 Health and Safety	General disclosure Information on the provision of a safe working environment and the protection of employees from occupational hazards: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a material impact on the Issuer;	3.4 Safeguarding Health and Safety
B3 Development and Training	General disclosure Policies to enhance employees' knowledge and skills in performing their job duties, such as vocational training activities	3.1 Talent Cultivation
B4 Labour Standards	Information on the prevention of child or forced labour: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a material impact on the Issuer;	3.2 Employee Management Practices
B5 Supply Chain Management	General disclosure Environmental and social risk policies to manage the supply chain	2.4 Supplier Management
B6 Product Liability	General disclosure Information on health and safety, advertising, labelling and privacy matters of and remedies for products and services offered (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a material impact on the Issuer;	2.2 Optimization of Service Quality 2.3 Protection of Information Security

5 SOCIAL SERVICES BY SCIENCE AND TECHNOLOGY (Continued)

Index of ESG Guidelines (Continued)

Item	Requirements	Index of Report
B6.1	Describe the consumer data protection and privacy policies, and related enforcement and monitoring methods	2.3 Protection of Information Security
B7 Community investment	General disclosure Policies on community involvement to understand the needs of the communities in which we operate and to ensure that community interests are taken into account in our operations	5 Social Services by Science and Technology
B7.1	Focus on areas (such as education, environmental matters, labour needs, health, culture, and sports) to which our contribution is made	5 Social Services by Science and Technology
B7.2	Resources (e.g., money or time) used in the focus areas	5 Social Services by Science and Technology

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF MANY IDEA CLOUD HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Many Idea Cloud Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 83 to 163, which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "'Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected credit losses on trade receivables

Refer to note 22 to the consolidated financial statements

As at 31 December 2022, the Group's net trade receivables amounting to approximately RMB155,577,000 which represented approximately 22% of total assets of the Group. The Group's expected credit losses ("ECLs") recognised on trade receivables as at 31 December 2022 amounted to approximately RMB45,721,000.

The management is required to apply judgement in assessing the loss allowance for trade receivables under the ECLs model and the management of the Group applies the simplified approach to calculate ECLs, which is measured at an amount equal to lifetime ECLs. This approach is based on management's estimated loss rates for trade receivables. The estimated loss rates take into account the ageing of the trade receivables, outstanding balances and information regarding the ability and intention of the debtor to pay and historical data on default rates and forward looking information, which involves inherent uncertainty.

We identified expected credit loss assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the ECLs of the Group's trade receivables at the end of the reporting period.

Our response:

We performed audit procedures in relation to management's impairment assessment of trade receivables which included:

- Discussing the ECLs assessment with the management, and together with our own external valuation specialists, where necessary:
    - Evaluating the methodology and key assumptions adopted by management in assessing ECLs and discussing them with management;
    - Challenging the reasonableness of key assumptions based on our knowledge of the business and industry;
    - Checking, on a sample basis, the accuracy and relevance of the input data used by management in capturing the aging; and
- Checking subsequent settlements of the trade receivables on sampling basis to review the reasonableness of the ECLs.

KEY AUDIT MATTERS (Continued)

Fair value assessment of derivative component of convertible bonds

Refer to note 33 to the consolidated financial statements

The Group's fair value changes recognised on derivative component of convertible bonds for the year ended 31 December 2022 amounted to approximately RMB3,841,000.

Significant judgement and estimates from management are involved in estimating the fair value of the derivative component of convertible bonds, and are assessed by management with reference to an independent valuation carried out by an external valuer. The key assumption of volatility in stock price was taken into account in the calculation of the fair value.

We identified fair value assessment of derivative component of convertible bonds as a key audit matter due to the significance to the Group's consolidated financial performance and the involvement of subjective judgement and management estimates in evaluating the fair value of the Group's derivative component of convertible bonds at the date of initial recognition and at the end of the reporting period. The significant judgement and estimates and disclosures for valuation of derivative component of convertible bonds are included in note 40(f) to the consolidated financial statements.

Our response:

We performed audit procedures in relation to management's fair value assessment of convertible bonds which included:

– Inspecting the terms detailed in the convertible bond subscription agreements;

– Obtaining understanding of the valuation models and the processes through enquiries with the independent valuer and management's review process of the work of the independent valuer;

– Evaluating the independent valuers' competence, capabilities and their experiences in conducting valuation of similar financial instruments; and

– Checking the respective independent valuation reports and discussed the valuation of convertible bonds with the management, and together with our own external valuation specialists, where necessary:

  • evaluating the appropriateness of the valuation models and assumptions based on the industry knowledge;

  • evaluating the appropriateness of the key inputs by independently checking to the relevant external market data and/or relevant historical financial information; and

  • checking the mathematical accuracy of valuation calculations.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information. We are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants

Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	**2022 RMB'000**	2021 RMB'000
Revenue	*7*	**498,329**	353,300
Cost of revenue		**(318,699)**	(238,764)
Gross profit		**179,630**	114,536
Other revenue	*8*	**9,254**	8,505
Other gains and losses	*9*	**(3,436)**	1,409
Selling and marketing expenses		**(6,778)**	(9,969)
Administrative expenses		**(30,493)**	(16,913)
Provision for impairment loss on trade receivables and other financial assets, net	*11*	**(24,844)**	(5,758)
Finance costs	*10*	**(10,419)**	(3,787)
Listing expenses	*11*	**(22,183)**	(8,655)
Profit before income tax expense	*11*	**90,731**	79,368
Income tax expense	*15*	**(23,031)**	(14,627)
Profit for the year		**67,700**	64,741
Profit for the year attributable to:			
Owners of the Company		**67,724**	56,146
Non-controlling interests		**(24)**	8,595
		67,700	64,741
Profit for the year		**67,700**	64,741
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income		**–**	27,336
Other comprehensive income for the year		**–**	27,336
Total comprehensive income for the year		**67,700**	92,077
Total comprehensive income for the year attributable to:			
Owners of the Company		**67,724**	78,868
Non-controlling interests		**(24)**	13,209
		67,700	92,077
Earnings per share attributable to the ordinary shareholder of the Company (RMB)			
– Basic and diluted	*17*	**0.102**	0.088

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	*18*	**1,531**	1,959
Right-of-use assets	*19*	**4,411**	7,277
Intangible assets	*20*	**106,134**	87,610
Deferred tax assets	*28*	**9,836**	4,881
Prepayments, deposits and other receivables	*23*	**13,650**	250
Total non-current assets		**135,562**	101,977
Current assets			
Trade receivables	*22*	**155,577**	147,470
Prepayments, deposits and other receivables	*23*	**78,794**	50,021
Contract costs	*24*	**41**	84
Other financial assets	*21*	**17,390**	–
Cash and cash equivalents	*27*	**329,188**	50,187
Total current assets		**580,990**	247,762
Total assets		**716,552**	349,739
Current liabilities			
Trade payables	*29*	**22,585**	20,470
Other payables and accruals	*30*	**19,594**	11,157
Contract liabilities	*32*	**28,179**	15,493
Borrowings	*31*	**32,052**	–
Lease liabilities	*19*	**3,159**	2,907
Amount due to a director	*25*	**–**	2
Amounts due to related parties	*26*	**–**	130,293
Convertible bonds – liability component	*33*	**37,187**	–
Convertible bonds – conversion option derivative	*33*	**–**	–
Income tax payable		**28,077**	11,890
Total current liabilities		**170,833**	192,212
Net current assets		**410,157**	55,550
Total assets less current liabilities		**545,719**	157,527

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Lease liabilities	*19*	**859**	4,018
Total non-current liabilities		**859**	4,018
NET ASSETS		**544,860**	153,509
Equity attributable to owners of the Company			
Share capital	*34*	**72**	3
Reserves	*35*	**543,275**	151,969
		543,347	151,972
Non-controlling interests		**1,513**	1,537
TOTAL EQUITY		**544,860**	153,509

The consolidated financial statements on pages 83 to 163 were approved and authorised for issue by the Board of Directors on 29 March 2023 and are signed on its behalf by:

Mr. Liu Jianhui
Executive director

Mr. Chen Shancheng
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital RMB'000 *(Note 34)*	Share premium RMB'000 *(Note 35)*	Statutory reserve RMB'000 *(Note 35)*	Merger reserve RMB'000 *(Note 35)*	FVTOCI reserve RMB'000 *(Note 35)*	Retained earnings RMB'000 *(Note 35)*	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2021	–	–	14,135	43,745	(3,971)	175,379	229,288	46,564	275,852
Profit for the year	–	–	–	–	–	56,146	56,146	8,595	64,741
Other comprehensive income									
– Fair value changes in financial assets at fair value through other comprehensive income	–	–	–	–	22,722	–	22,722	4,614	27,336
Total comprehensive income	–	–	–	–	22,722	56,146	78,868	13,209	92,077
Transfer from retained earnings to statutory reserve	–	–	1,683	–	–	(1,683)	–	–	–
Transfer from statutory reserve to retained earnings	–	–	(4,448)	–	–	4,448	–	–	–
Deemed distributions of assets to and assumptions of liabilities by controlling shareholders *(Note 38)*	–	–	–	1,577	–	–	1,577	–	1,577
Deemed distributions of profits *(Note i)*	–	–	(9,887)	(57,961)	(18,751)	(223,625)	(310,224)	(59,776)	(370,000)
Issue of shares *(Note 34(ii))*	3	–	–	–	–	–	3	–	3
Capital contributions from beneficial shareholders to subsidiaries *(Note ii)*	–	–	–	152,460	–	–	152,460	1,540	154,000
As at 31 December 2021 and 1 January 2022	3	–	1,483	139,821	–	10,665	151,972	1,537	153,509
Profit for the year	–	–	–	–	–	67,724	67,724	(24)	67,700
Total comprehensive income	–	–	–	–	–	67,724	67,724	(24)	67,700
Transfer from retained earnings to statutory reserve	–	–	2,974	–	–	(2,974)	–	–	–
Issue of shares *(Note 34(ii))*	1	69,720	–	–	–	–	69,721	–	69,721
Issuance of new shares upon listing *(Note 34(iii))*	14	282,618	–	–	–	–	282,632	–	282,632
Capitalisation issue *(Note 34(iii))*	54	(54)	–	–	–	–	–	–	–
Expenses attributed to issue of new shares upon listing	–	(29,731)	–	–	–	–	(29,731)	–	(29,731)
Deemed capital contribution from a shareholder *(Note iii)*	–	1,029	–	–	–	–	1,029	–	1,029
As at 31 December 2022	72	323,582	4,457	139,821	–	75,415	543,347	1,513	544,860

Notes:

(i) It represented the deemed distributions to the controlling shareholders and the non-controlling interests of the Transferor in relations to the Business Transfer at the date of Business Transfer (i.e. 1 December 2021).

(ii) Among the capital contributions from beneficial shareholders to subsidiaries, RMB153,000,000 represents the amount which was contributed by Mr. Liu Jianhui ("Mr. Liu"), a director of the Company, for his 1% equity interest in a subsidiary of the Company, namely Beijing Many Idea Cloud Technology Co., Limited.

(iii) The deemed capital contribution was arising from loan from a shareholder at below-market rate of interest. The amount represented the difference between the original principal amounts of RMB20,157,000 and the fair value on initial recognition of approximately RMB19,128,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Profit before income tax expense		90,731	79,368
Adjustments for:			
Depreciation of property, plant and equipment	*11*	661	1,033
Depreciation of right-of-use assets	*11*	2,879	2,893
Amortisation of intangible assets	*11*	13,158	6,490
Gain on early termination of lease	*8*	–	(29)
Finance costs	*10*	10,419	3,787
Interest income	*8*	(1,458)	(1,550)
Provision for impairment loss recognised on trade receivables and other financial assets, net	*11*	24,844	5,758
Gain on written-back of trade payables	*9*	–	(1,415)
Gain on fair value changes of conversion option derivative	*9*	(3,841)	–
Loss on de-recognition of convertible bonds	*9*	230	–
Effect of foreign exchange rate changes		7,631	–
Operating profits before working capital changes		145,254	96,335
Increase in trade receivables		(32,441)	(35,414)
Increase in prepayments, deposits and other receivables		(28,498)	(31,356)
Decrease/(increase) in contract costs		43	(84)
Increase in trade payables		2,115	2,870
Increase in other payables and accruals		8,420	5,753
Increase in contract liabilities		12,686	12,217
Cash generated from operations		107,579	50,321
Income tax paid		(11,799)	(2,315)
Net cash generated from operating activities		95,780	48,006
Cash flows from investing activities			
Purchases of property, plant and equipment		(233)	(311)
Prepayment of property, plant and equipment		(13,400)	–
Acquisition of other financial assets		(17,900)	–
Investment in financial assets at fair value through other comprehensive income		–	(32,800)
Purchases of intangible assets		(31,682)	(93,783)
Decrease in short-term deposits		–	130,000
Interest received		1,238	2,778
Net cash (used in)/generated from investing activities		(61,977)	5,884

	Notes	2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Proceeds from bank borrowings	42	32,000	52,210
Repayment of bank borrowings	42	–	(44,841)
Proceeds from loan from third parties	42	101,320	–
Repayment of loan from third parties	42	(101,320)	–
Proceeds from loan from a shareholder	42	19,050	–
Repayment of loan from a shareholder	42	(20,695)	–
Proceeds from issuance of convertible bonds	42	44,352	–
Repayment of convertible bonds	42	(13,996)	–
Repayment of principal portion of the lease liabilities	42	(2,920)	(3,096)
Payment of share issue costs		(29,731)	(1,847)
Advances from a director	42	–	2
Repayment to a director	42	(2)	–
Capital contributions from a beneficial shareholder to a subsidiary		–	154,000
Settlement of consideration arise from business transfer	42	(130,293)	(201,590)
Proceeds from issue of new ordinary shares		352,353	3
Interest paid	42	(4,576)	(3,787)
Net cash generated from/(used in) financing activities		245,542	(48,946)
Net increase in cash and cash equivalents		279,345	4,944
Cash and cash equivalents at the beginning of year		50,187	45,243
Effect of foreign exchange rate changes on cash and cash equivalents		(344)	–
Cash and cash equivalents at the end of year		329,188	50,187
Analysis of the balances of cash and cash equivalents:			
Cash and bank balances		329,188	50,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2022

1. GENERAL INFORMATION

(a) General information

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

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

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

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

(b) Reorganisation

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

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

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.

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

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

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

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

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

Amendments to HKAS 8, Definition of Accounting Estimates

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

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

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

Amendments to HKAS 1, Non-current Liabilities with Covenants

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

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Merger accounting for the Group Reorganisation

The consolidated financial statements incorporate the financial statements of the consolidating entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party.

The net assets of the consolidating entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the consolidating entities from the earliest date presented or since the date when the consolidating entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination.

(b) Basis of consolidation

Except for the merger accounting for the Group Reorganisation described above, the acquisition method of accounting is used for all other acquisitions of subsidiaries or businesses.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

Owned assets

Leasehold improvement	The shorter of 3 years or period of the related lease
Furniture and equipment	20%–33.33%
Motor vehicles	12.5%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

(e) Intangible assets (other than goodwill)

(i) Intangible assets acquired separately and in a business combination

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The management determines the estimated useful lives and related amortisation for the intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets.

The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives. The principal annual rate are as follows:

Computer software	10%–33.33%
Licences	Over the term of licence agreement

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets (other than goodwill) (Continued)

(i) Intangible assets acquired separately and in a business combination (Continued)

SaaS related software acquired in the course of business operation is recognised as computer software. The SaaS related software have a finite useful life that is dependent to the SaaS interactive marketing business of the Group and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the SaaS related software, which is estimated to be 10 years. The expected useful life is determined based on management's best estimate of the total period from which the benefits will be derived from the SaaS related software and will reflect the consumption of future economic benefits from the SaaS related software in the Group's SaaS interactive marketing business, taking into account (1) the typical term of the service contracts; (2) the business expansion plan of SaaS interactive marketing business formulated by the management; (3) the capability and functionality of the SaaS related software; and (4) technological obsolescence.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(iv) Impairment of intangible assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments

(i) Financial asset

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial asset (Continued)

Debt instruments (Continued)

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, other financial assets measured at amortised cost and debt investments measured at FVOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within 12 months after the reporting date; and (2) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in "FVTOCI reserve (recycling)".

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible bonds

Convertible notes issued by the Company that contain the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. For conversion option classified as an equity instrument, the difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes equity reserve). For conversion option classified as derivative, it is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan equity reserve will be transferred to share capital).

Where the option remains unexercised at the expiry dates, the balance stated in convertible loan notes equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(iv) Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and conversion option components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity and relating to conversion option derivative is recognised to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instrument

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in Note 4(f)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(g) Leases

The Group as lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

The Group as lessee (Continued)

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the underlying assets.

Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

The Group as lessee (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

The Group as lessee (Continued)

Lease liability (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for Covid-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

(h) Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign currencies (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(i) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of each reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participants in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries of the Company in PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition (Continued)

(i) Revenue from content marketing services

Content marketing is a form of customers' demand-oriented strategic marketing approach, focused on brand display through self-developed or proxy intellectual properties.

The Group recognises revenue from content marketing services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

(ii) Revenue from digital marketing services

Digital marketing is a form of marketing strategy that utilise internet and online based digital technologies to promote customers' product and service.

The Group recognises revenue from digital marketing services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

(iii) Revenue from public relations event planning services

Public relations event planning services is a comprehensive service delivered by the Group from concept creation, venue decoration, stage design, audio visual and lighting set up and all kinds of entertainment and performance production.

The Group recognises revenue from public relations event planning services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

(iv) Revenue from media advertising services

The Group recognises revenue from media advertising services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition (Continued)

(v) Revenue from SaaS interactive marketing services

The Group offers SaaS interactive marketing services which is a cloud-based software and related services to the customers. Revenue from SaaS interactive marketing services includes fixed subscription fees and revenue from customisation for SaaS-related services.

Fixed subscription fees are generally recognised over time on a systematic basis over the contract term beginning on the date that the service is made available to customer.

The Group recognises revenue from customisation for SaaS-related services at the time when the control of customised product are transferred.

(vi) Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition (Continued)

(vi) Interest income (Continued)

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

(k) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- prepayment under non-current assets

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management services to the group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expenses when incurred.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

(i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the group entities, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty

(i) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic view could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(ii) Impairment of trade receivables, deposits and other receivables and other financial assets

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, including the economic downturn and uncertainties that have arisen as a result of Covid-19 pandemic, have made these estimates more judgemental, in which can result in different levels of allowances.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

(iii) Fair value of convertible bonds

The fair value measurement of convertible bonds were categorised within Level 3 of the fair value hierarchy, which required significant judgments and estimates by considering factors including, but not limited to risk free rate, other risk premium, discount rate etc. The fair value of the convertible bonds will be revised upward or downward where factors are different from previous. The fair value of the convertible bonds and corresponding significant unobservable input of the valuation are disclosed in Note 40(f).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(iv) Estimated incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(v) Income tax and deferred tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

(vi) Useful lives of intangible assets

The Group's management determines the estimated useful lives and related amortisation charges for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore amortisation expense in future periods.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(vii) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are tested for impairment when indicators exist. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount being fair value less costs of disposal or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

6. SEGMENT INFORMATION

Operating segments

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

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

Geographical information

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

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

Information about major customers

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

7. REVENUE

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

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

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

8. OTHER REVENUE

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

Notes:

(i) Government grants mainly represent grants received from the PRC local government authority as subsidies to the Group for:

(a) enhancement of high quality development in culture and creative industries; and

(b) sustainable business development with high-technology and advanced technology.

(ii) Additional VAT input deduction were recognised in profit or loss due to the VAT reform. In accordance with VAT Reformation Article No. 39, the Group is eligible for VAT credits of 10% additional VAT input deduction from 1 April 2019 to 31 December 2022 upon meeting all applicable criteria.

9. OTHER GAINS AND LOSSES

	2022 RMB'000	2021 RMB'000
Gain on written-back of trade payables	–	1,415
Exchange losses, net	(7,047)	–
Gain on fair value changes on convertible bond – conversion option derivative *(Note 33)*	3,841	–
Loss on de-recognition of convertible bonds *(Note 33)*	(230)	–
Others	–	(6)
	(3,436)	1,409

10. FINANCE COSTS

	2022 RMB'000	2021 RMB'000
Interest expenses on bank borrowings	**977**	3,459
Interest expenses on loan from third parties	**758**	–
Interest expenses on loan from a shareholder	**1,722**	–
Imputed interest expenses on convertible bonds *(Note 33)*	**6,689**	–
Interest expenses on lease liabilities *(Note 19)*	**273**	328
	10,419	3,787

11. PROFIT BEFORE INCOME TAX EXPENSE

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

	2022 RMB'000	2021 RMB'000
Auditors' remuneration	**1,442**	–
Amortisation of intangible assets included in *(Note 20)*:		
– Administrative expenses	**32**	32
– Cost of revenue	**12,202**	6,241
– Selling and marketing expenses	**69**	81
– Research and development costs	**855**	136
	13,158	6,490
Cost of revenue *(Note)*	**318,699**	238,764
Cost of inventories recognised as expenses	**5,661**	10,292
Depreciation charged:		
– Property, plant and equipment *(Note 18)*	**661**	1,033
– Right-of-use assets *(Note 19)*	**2,879**	2,893
Employee costs *(Note 12)*	**25,266**	20,459
Listing expenses	**22,183**	8,655
Provision of impairment loss recognised on trade receivables, net *(Note 22)*	**24,334**	5,758
Provision of impairment loss recognised on other financial assets *(Note 21)*	**510**	–
	24,844	5,758
Research costs	**11,379**	4,737
Short-term leases expenses	**1,967**	4,140

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

12. EMPLOYEE COSTS

	2022 RMB'000	2021 RMB'000
Employee costs (including directors' emoluments *(Note 14)*) comprise:		
Wages and salaries	**22,956**	17,489
Contributions to retirement benefits scheme	**1,990**	1,717
Other employee benefits	**320**	1,253
	25,266	20,459

13. RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(i) Directors' remuneration

Directors' emoluments disclosed pursuant to the Listing Rules and section 78(1) of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 as follows:

		Year ended 31 December 2022			
	Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to retirement benefits scheme RMB'000	Total emoluments RMB'000
Executive directors					
Mr. Liu		–	845	116	961
Ms. Qu		–	690	14	704
Ms. Huang Tingting	*(v)*	–	468	12	480
Mr. Chen Shancheng		–	803	12	815
Mr. Chen Zeming		–	272	13	285
		–	3,078	167	3,245
Independent non-executive directors					
Ms. Wang Yingbin	*(i)*	28	–	–	28
Ms. Wong Yan Ki, Angel	*(ii)*	34	–	–	34
Mr. Tian Tao	*(iii)*	28	–	–	28
Ms. Xiao Huilin	*(iv)*	–	–	–	–
		90	–	–	90
		90	3,078	167	3,335

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(i) Directors' remuneration (Continued)

		Year ended 31 December 2021			
	Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to retirement benefits scheme RMB'000	Total emoluments RMB'000
Executive directors					
Mr. Liu		–	845	116	961
Ms. Qu		–	362	11	373
Ms. Huang Tingting	*(v)*	–	812	10	822
Mr. Chen Shancheng		–	790	10	800
Mr. Chen Zeming		–	304	11	315
		–	3,113	158	3,271
Independent non-executive directors					
Ms. Wang Yingbin	*(i)*	–	–	–	–
Ms. Wong Yan Ki, Angel	*(ii)*	–	–	–	–
Mr. Tian Tao	*(iii)*	–	–	–	–
		–	–	–	–
		–	3,113	158	3,271

Notes:

(i) Ms. Wang Yingbin was appointed as an independent non-executive director on 12 October 2022.

(ii) Ms. Wong Yan Ki, Angel was appointed as an independent non-executive director on 12 October 2022.

(iii) Mr. Tian Tao was appointed as an independent non-executive director on 12 October 2022.

(iv) Ms. Xiao Huilin was appointed as an independent non-executive director on 15 February 2023.

(v) Ms. Huang Tingting was resigned as an executive director on 29 March 2023.

During the years ended 31 December 2022 and 2021, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(ii) Five highest paid individuals

The five highest paid individuals of the Group included four directors (2021: three) whose emoluments are reflected in Note 14(i).

The analysis of the emolument of the remaining one highest paid individual (2021: two individuals) are set out below:

	2022 RMB'000	2021 RMB'000
Salaries and other benefits	520	820
Contributions to retirement benefits scheme	12	21
	532	841

The number of non-director highest paid individuals whose remuneration fell within the following band is as follows:

	2022	2021
Nil to HKD1,000,000	1	2

None (2021: none) of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

(iii) Senior management emolument band

The number of senior management whose remuneration fell within the following band is as follows:

	2022	2021
Nil to HKD1,000,000	3	3

15. INCOME TAX EXPENSE

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

	2022 RMB'000	2021 RMB'000
Current tax – PRC Enterprise Income Tax (the "PRC EIT")		
– for the year	27,950	14,802
– under-provision in prior years	36	16
Deferred tax *(Note 28)*		
– for the year	(4,955)	(191)
Income tax expense	23,031	14,627

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

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

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

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

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

15. INCOME TAX EXPENSE (Continued)

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

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

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

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

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

16. DIVIDENDS

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

17. EARNINGS PER SHARE

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

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

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

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

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

(a) Weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2021 of 637,538,159 (including Capitalisation Issue of 595,244,490, 1 share issued at the date of incorporation of the Company and 42,293,668 ordinary shares issued on 16 November 2021);

(b) 2,461,841 ordinary shares issued on 24 January 2022;

(c) The shares of the Company were listed on the HKEx on 9 November 2022, whereby 160,000,000 new shares were issued by the Company.

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

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost				
At 1 January 2021	5,664	1,948	1,913	9,525
Additions	98	213	–	311
At 31 December 2021 and 1 January 2022	5,762	2,161	1,913	9,836
Additions	–	233	–	233
At 31 December 2022	**5,762**	**2,394**	**1,913**	**10,069**
Accumulated depreciation and impairment				
At 1 January 2021	4,498	1,548	798	6,844
Charged during the year	617	189	227	1,033
At 31 December 2021 and 1 January 2022	5,115	1,737	1,025	7,877
Charged during the year	242	188	231	661
At 31 December 2022	**5,357**	**1,925**	**1,256**	**8,538**
Net book value				
At 31 December 2022	**405**	**469**	**657**	**1,531**
At 31 December 2021	647	424	888	1,959

19. LEASES

The Group as a lessee

The Group has lease contracts for property and buildings used in its operations. Leases of the property and buildings generally have lease terms of 1.25 to 8.0 years.

(a) Right-of-use assets

	Total RMB'000
At 1 January 2021	6,138
Commencement of lease	571
Effect of lease modification	4,247
Depreciation for the year	(2,893)
Early termination of lease	(786)
At 31 December 2021 and 1 January 2022	7,277
Commencement of lease	13
Depreciation for the year	(2,879)
At 31 December 2022	**4,411**

(b) Lease liabilities

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of year	**6,925**	6,018
Commencement of lease	**13**	571
Effect of lease modification	**–**	4,247
Early termination of lease	**–**	(815)
Lease payments	**(3,193)**	(3,424)
Interest expense	**273**	328
Carrying amount at end of year	**4,018**	6,925

19. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities (Continued)

Future lease payments are due as follows:

	Future lease payments RMB'000	Interest RMB'000	Present value RMB'000
At 31 December 2022			
Not later than one year	**3,283**	**124**	**3,159**
Later than one year and not later than two years	**486**	**27**	**459**
Later than two years and not later than five years	**326**	**44**	**282**
Later than five years	**122**	**4**	**118**
	4,217	**199**	**4,018**
At 31 December 2021			
Not later than one year	3,180	273	2,907
Later than one year and not later than two years	3,283	124	3,159
Later than two years and not later than five years	697	61	636
Later than five years	237	14	223
	7,397	472	6,925

The present value of future lease payments are analysed as:

	2022 RMB'000	2021 RMB'000
Current liabilities	**3,159**	2,907
Non-current liabilities	**859**	4,018
	4,018	6,925

20. INTANGIBLE ASSETS

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

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

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

21. OTHER FINANCIAL ASSETS

	2022 RMB'000	2021 RMB'000
Other financial assets		
Not past due	17,900	–
	17,900	–
Less: Provision for impairment loss recognised	(510)	–
	17,390	–

At 31 December 2022, other financial assets include capital protected fund investment with fixed interest rate of 5.50% (2021: n/a) per annum, with a one-year lockup period since acquisition.

During the year ended 31 December 2022, ECL allowances on other financial assets of RMB510,000 were recognised (2021: nil) in the consolidated statement of profit or loss.

22. TRADE RECEIVABLES

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

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

22. TRADE RECEIVABLES (Continued)

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

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

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

	2022 RMB'000	2021 RMB'000
At the beginning of the year	21,387	20,031
Provision for impairment loss on trade receivables, net *(Note 11)*	24,334	5,758
Amounts written off as uncollectible	–	(4,402)
At the end of year	45,721	21,387

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 40(a).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	**2022 RMB'000**	2021 RMB'000
Current			
Prepayments		**70,149**	43,969
Deposits		**512**	486
Value added tax recoverable		**7,222**	3,012
Interest receivables		**753**	533
Other receivables	*a*	**158**	174
Deferred listing expenses		**–**	1,847
		78,794	50,021
Non-current			
Deposits		**250**	250
Prepayment for property, plant and equipment		**13,400**	–
		13,650	250
		92,444	50,271

Note:

Prepayments, deposits and other receivables were primarily denominated in RMB and their carrying amounts approximated to their fair values due to their short maturity at the reporting date. For the years ended 31 December 2022 and 2021, there was no provision for impairment on deposits and other receivables.

(a) Other receivables as at 31 December 2022 and 2021 relates to counterparties for whom there were no recent history of default and do not have any past due amounts, and the loss allowance was assessed by management to be minimal. These balances are non-interest bearing and are expected to be realised upon their respective maturity dates.

24. CONTRACT COSTS

	2022 RMB'000	2021 RMB'000
Contract costs	**41**	84

Contract costs capitalised as at 31 December 2022 and 2021 related to costs to fulfil contracts, resulted from customers entering into service agreements with the Group. Contract costs are recognised as part of "cost of revenue" in the profit or loss in the period in which revenue from the services is recognised. The balance of capitalised contract costs is expected to be realised with one year.

25. AMOUNT DUE TO A DIRECTOR

The amount due to a director was non-trade in nature, unsecured, interest-free and repayable on demand.

26. AMOUNTS DUE TO RELATED PARTIES

	2022 RMB'000	2021 RMB'000
Xiamen Many Idea	**–**	(123,123)
Beijing Many Idea Interactive Culture Communication Co., Ltd.* ("Beijing Many Idea") (北京多想互動文化傳播有限公司)	**–**	(7,170)
	–	(130,293)

The amounts due to related parties was non-trade in nature, unsecured, interest-free and repayable on demand.

* English name is translated directly from its corresponding official Chinese name.

27. CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash and bank balances	**329,188**	50,187

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

28. DEFERRED TAX ASSETS

	Allowance for expected credit loss RMB'000	Total RMB'000
At 1 January 2021	4,690	4,690
Credited to profit or loss for the year *(Note 15)*	191	191
At 31 December 2021 and 1 January 2022	4,881	4,881
Credited to profit or loss for the year *(Note 15)*	4,955	4,955
At 31 December 2022	**9,836**	**9,836**

(a) The unused tax losses carried forward not recognised in the consolidated financial statements due to unpredictability of future profit streams are as follows:

	2022 RMB'000	2021 RMB'000
Unused tax losses	**3,208**	323

Tax losses in the PRC can only be carried forward for a maximum period of five years. The expiry of unused tax losses for which no deferred tax assets have been recognised is as follows:

	2022 RMB'000	2021 RMB'000
Tax losses will expire in 2022	**–**	4
Tax losses will expire in 2023	**1**	1
Tax losses will expire in 2024	**4**	4
Tax losses will expire in 2025	**5**	5
Tax losses will expire in 2026	**308**	309
Tax losses will expire in 2027	**2,890**	–
	3,208	323

28. DEFERRED TAX ASSETS (Continued)

(b) Under the EIT Law and Implementation Regulations, PRC withholding income tax is applicable to interest and dividends payable to investors that are "non-tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to off-shore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. For the Group, the applicable tax rate is 10%. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB128,597,000 (2021: RMB13,347,000).

The Board of Directors of the Company affirm that the undistributed earnings of the PRC subsidiaries as of 31 December 2022 and 2021 will be reserved for the expansion of operations. Consequently, the Group has not provided for the deferred tax liabilities in respect of withholding tax on the remaining undistributed earnings of the Group's PRC entities as the Group is capable of controlling the timing of reversal of such temporary difference, and it is highly likely that such temporary difference would not be reversed in the foreseeable future.

29. TRADE PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables *(Note (a))*	**22,585**	20,470

Note:

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

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

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

30. OTHER PAYABLES AND ACCRUALS

	2022 RMB'000	2021 RMB'000
Accrued salaries	**2,863**	2,957
Accrued expenses	**2,156**	145
Accrued listing expenses	**1,553**	5,612
Other tax payables	**13,022**	2,443
	19,594	11,157

Other payables and accruals are non-interest bearing and are expected to be realised within twelve months from the end of the reporting period.

31. BORROWINGS

	Notes	2022 RMB'000	2021 RMB'000
Current			
Bank loans, secured	*a*	**17,031**	–
Bank loan, unsecured	*b*	**15,021**	–
		32,052	–
Effective interest rate per annum		**4.5% to 6.2%**	N/A

Notes:

(a) The bank loans are secured by corporate guarantee given by a subsidiary of the Company, Xiamen Instant Interactive Co., Ltd. and certain trade receivables of the Group and are denominated in RMB.

(b) The bank loan is unsecured and denominated in RMB.

At the end of the reporting period, total current borrowings were scheduled to be repaid as follows:

	2022 RMB'000	2021 RMB'000
On demand or within one year	**32,052**	–

32. CONTRACT LIABILITIES

The contract liabilities mainly relate to the advance consideration received from customers. The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the reporting period:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year	**15,465**	3,276

Movement in contract liabilities:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**(15,493)**	(3,276)
Revenue recognised that was included in contract liabilities at the beginning of the year	**15,465**	3,276
Increase due to cash received, including amounts recognised as revenue during the year	**(129,636)**	(42,815)
Revenue recognised that was not included in contract liabilities at the beginning of the year	**101,485**	27,322
At the end of the year	**(28,179)**	(15,493)

33. CONVERTIBLE BONDS

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

CB 1

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

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

CB 2

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

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

The CB 2 was early redeemed on 15 November 2022.

CB 3

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

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

The CB 3 was early redeemed on 16 November 2022.

33. CONVERTIBLE BONDS (Continued)

CB 4

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

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

The CB 4 was early redeemed on 24 November 2022.

CB 1, CB 2, CB 3 and CB 4 ("All CBs")

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

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

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

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

33. CONVERTIBLE BONDS (Continued)

CB 1, CB 2, CB 3 and CB 4 ("All CBs") (Continued)

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

	Liability component RMB'000	Conversion option derivative RMB'000	Total RMB'000
At 1 January 2021 and 2022	–	–	–
Convertible bonds issued	40,511	3,841	44,352
Imputed interests *(Note 10)*	6,689	–	6,689
Gain on fair value changes on convertible bond – conversion option derivative *(Note 9)*	–	(3,841)	(3,841)
De-recognition of convertible bonds on early redemption	(13,996)	–	(13,996)
Loss on de-recognition of convertible bonds *(Note 9)*	230	–	230
Interest paid	(898)	–	(898)
Exchange difference	4,651	–	4,651
As at 31 December 2022	**37,187**	**–**	**37,187**

Further details on the Group's fair value measurement are set out in Note 40(f).

34. SHARE CAPITAL

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

* Represents amount less than HKD1,000.
** Represents amount less than RMB1,000.

Notes:

(i) The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 10 June 2021 with authorised share capital of HKD390,000 divided into 3,900,000,000 shares of HKD0.0001 each. On the date of incorporation, 1 ordinary share of HKD0.0001 was allotted and issued at par by the Company.

(ii) Pursuant to the resolution of the shareholders, the Company allotted and issued 42,293,668 and 2,461,841 ordinary shares of HKD0.0001 each at par and at USD4.47 (equivalent to approximately RMB28.37), respectively on 16 November 2021 and 24 January 2022.

34. SHARE CAPITAL (Continued)

Notes: (Continued)

(iii) In connection with the Company's issuance of new shares upon Listing, the Company allotted and issued 160,000,000 shares of HK$0.0001 each at a price of HKD1.96 per Share on 9 November 2022 as a result of the completion of Listing. The gross proceeds from issuance of new shares of approximately RMB282,632,000 (equivalent to approximately HK$313,600,000) of which approximately RMB14,000 (equivalent to approximately HK$16,000) was credited to the Company's share capital, and the remaining balance of approximately RMB282,618,000 (equivalent to approximately HK$313,584,000) before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the issuance of new shares upon listing, RMB54,000 (equivalent to approximately HK$60,000) was capitalised from the share premium account and applied in paying up in full at par 595,244,490 new shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 9 November 2022 in proportion to their respective shareholdings ("Capitalisation Issue").

(iv) On 12 October 2022, the authorised share capital of the Company was increased from HK$390,000 divided into 3,900,000,000 shares to HK$1,000,000 divided into 10,000,000,000 shares by the creation of additional 6,100,000,000 Shares which rank pari passu in all respects.

35. RESERVES

(a) The Group

Details of the movements in the reserves of the Group during the reporting period are set out in the consolidated statement of changes in equity.

(b) The Company

	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 10 June 2021 (date of incorporation), 31 December 2021 and 1 January 2022	–	–	–
Issue of shares	69,720	–	69,720
Deemed capital contribution	1,029	–	1,029
Issuance of new shares upon listing *(Note 34(iii))*	282,618	–	282,618
Capitalisation Issue *(Note 34(iii))*	(54)	–	(54)
Expenses attributed to issue of new shares upon listing	(29,731)	–	(29,731)
Loss for the year	–	(34,966)	(34,966)
As at 31 December 2022	**323,582**	**(34,966)**	**288,616**

35. RESERVES (Continued)

(c) The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Share premium represents consideration received in excess of nominal value of the Company's share and deemed capital contribution from shareholders.
Statutory reserve	In accordance with the relevant PRC laws and regulations and articles of association, the PRC subsidiaries are required to transfer 10% of their net profit as determined in accordance with accounting rules and regulations to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity shareholders. This reserve can be utilised in setting off accumulated losses or increase capital and is non-distributable other than in event of liquidation.
Merger reserve	It represents the difference between the nominal value of shares issued by the Company and the aggregate fully paid registered capital of PRC subsidiaries acquired pursuant to the Group Reorganisation and additional capital contribution from controlling shareholders.
FVTOCI reserve (non-recycling)	Balance represents fair value reserve comprising the cumulative net change in the fair value of equity investment designated at FVTOCI under HKFRS 9 that are held at the end of the reporting period.
Retained earnings/(accumulated losses)	Balance represents cumulative net profit and loss recognised in profit and loss.

36. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Interests in subsidiaries		–*	–*
Amount due from subsidiaries		298,266	–
Prepayment for property, plant and equipment		13,400	–
Total non-current assets		311,666	–*
Current assets			
Other financial assets		17,390	–
Other receivables		70	–
Cash and cash equivalents		404	3
Total current assets		17,864	3
Total assets		329,530	3
Current liabilities			
Convertible bonds – liability component		38,266	–
Convertible bonds – conversion option derivative		–	–
Other payables and accruals		2,576	–*
Total current liabilities		40,842	–*
Net current liabilities		(22,978)	3
Total assets less current liabilities		288,688	3
NET ASSETS		288,688	3
Equity attributable to owners of the Company			
Share capital	*34*	72	3
Reserves	*35*	288,616	–
Total equity		288,688	3

* Represents amount less than RMB1,000.

Mr. Liu Jianhui
Executive director

Mr. Chen Shancheng
Executive director

37. DETAILS OF THE PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/ establishment and form of business structure	Percentage of equity attributable to the Company 2022 Directly	2022 Indirectly	2021 Directly	2021 Indirectly	Issued and fully paid ordinary share capital or registered capital	Principal activities and principal place of operation
Many Idea Interactive Limited ("Many Idea BVI")	British Virgin Islands ("BVI"), 9 July 2021, limited liability company	-	100%	–	100%	Issued and fully paid capital USD1	Investment holding, BVI
Many Idea Interactive Technology (Hong Kong) Limited ("Many Idea HK") (多想互動科技(香港)有限公司)	Hong Kong ("HK"), 26 July 2021, limited liability company	-	100%	–	100%	Issued and fully paid capital HKD1	Investment holding, HK
Xiamen Many Idea Interactive Cloud Technology Co., Ltd.* ("Xiamen Many Idea Cloud") (廈門多想互動雲科技有限公司)	PRC, 26 November 2021, limited liability company	-	100%	–	100%	Registered capital RMB200,000,000	Investment holding, PRC
Xiamen Instant Interactive Co., Ltd.* ("Xiamen Instant Interactive") (廈門即刻互動文化傳播有限公司)	PRC, 11 May 2021, limited liability company	-	100%	–	100%	Registered capital RMB300,000,000	Provision of content marketing services, digital marketing services, public relations event planning services and media advertising services, PRC
Beijing Many Idea Cloud Technology Co., Ltd.* ("Beijing Many Idea Cloud") (北京多想雲科技有限公司")	PRC, 24 November 2021, limited liability company	-	99%	–	99%	Registered capital RMB1,000,000	Investment holding, PRC
Shanghai Senyu Advertising Co., Ltd.* ("Shanghai Senyu") (上海森昱廣告有限公司)	PRC, 12 December 2012, limited liability company	-	100%	–	100%	Registered capital RMB30,000,000	Inactive
Jiangxi Meita Culture Communication Co., Ltd.* ("Jiangxi Meita") (江西鎂塔文化傳播有限公司)	PRC, 6 June 2016, limited liability company	-	100%	–	100%	Registered and fully paid capital RMB15,000,000	Provision of content marketing services, digital marketing services, public relations event planning services, media advertising services, PRC

37. DETAILS OF THE PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment and form of business structure	Percentage of equity attributable to the Company 2022 Directly	2022 Indirectly	2021 Directly	2021 Indirectly	Issued and fully paid ordinary share capital or registered capital	Principal activities and principal place of operation
Xiamen Second Future Technology Co., Ltd.* ("Xiamen Second Future") (廈門第二未來科技有限公司)	PRC, 14 July 2016, limited liability company	–	100%	–	100%	Registered capital RMB50,000,000	Provision of content marketing services, digital marketing services, public relations event planning services, media advertising services and SaaS interactive marketing services, PRC
Xinjiang Kashi Lianjie Culture Communication Co., Ltd.* ("Xinjiang Kashi") (新疆喀什聯界文化傳播有限公司)	PRC, 5 April 2016, limited liability company	–	100%	–	100%	Registered and fully paid up capital RMB5,000,000	Provision of content marketing services, digital marketing services, public relations event planning services, media advertising services, PRC
Quanzhou Many Idea Interactive Culture Communication Co., Ltd.* ("Quanzhou Many Idea") (泉州多想互動文化傳播有限公司)	PRC, 2 July 2018, limited liability company	–	100%	–	100%	Registered and fully paid up capital RMB5,000,000	Provision of content marketing services, digital marketing services, public relations event planning services, media advertising services, PRC
Hainan Many Idea Future Culture Communication Co., Ltd.* ("Hainan Many Idea") (海南多想未來文化傳播有限公司)	PRC, 19 March 2021, limited liability company	–	100%	–	100%	Registered capital RMB5,000,000	Provision of content marketing services, digital marketing services, public relations event planning services, media advertising services, PRC
Xinjiang Many Idea Cloud Culture Communication Co., Ltd.* ("Xinjiang Many Idea Cloud") (新疆多想雲文化傳播有限公司)	PRC, 9 May 2022, limited liability company	–	100%	–	–	Registered capital RMB5,000,000	Provision of content marketing services, digital marketing services, public relations event planning services, media advertising services, PRC

* English names of the subsidiaries are translated directly from their corresponding official Chinese names.

38. DEEMED DISTRIBUTIONS OF ASSETS TO AND ASSUMPTIONS OF LIABILITIES BY CONTROLLING SHAREHOLDERS

Pursuant to the business transfer agreement entered into between Xiamen Many Idea and Beijing Many Idea (collectively referred to as the "Transferor") and Xiamen Instant Interactive (as the "Transferee") on 30 November 2021, as part of the Group Reorganisation (the "Business Transfer"), the integrated marketing services business (including content marketing, digital marketing, public relations event planning and media advertising) and SaaS interactive marketing services business previously carried on by the Transferor was transferred to Transferee at a consideration of RMB370,000,000 and the transfer was completed on 1 December 2021. The designated assets and liabilities of the Transferor set out below were not transferred to Transferee as at 1 December 2021 and were treated as a deemed distribution of assets and assumption of liabilities to/by controlling shareholders in connection with the Group Reorganisation.

	RMB'000
Distribution of assets to and assumptions of liabilities by controlling shareholders:	
Financial assets at FVTOCI	62,558
Prepayment, deposits and other receivables	2,791
Income tax payable	(12,463)
Other payables and accruals	(53)
Amounts due to investees	(2,200)
Borrowings	(52,210)
	(1,577)

39. RELATED PARTY DISCLOSURES

(a) Compensation of key management personnel

The key management personnel of the Group represent directors and other senior management of the Group. Details of the remuneration paid to them during the years ended 31 December 2022 and 2021 are set out in Note 14 to the consolidated financial statements.

(b) Balances with related parties

Details of the Group's amounts due to a director and related parties are included in Note 25 and 26.

40. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets are trade receivables, deposits and other receivables and cash and cash equivalents that derive directly from its operations. Principal financial liabilities of the Group include trade payables, other payables and accruals, borrowings, lease liabilities, amount due to a director, amounts due to related parties and convertible bonds. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has not issued and does not hold any financial instruments for trading purposes at the end of the reporting period. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. Generally, the Group utilises conservative strategies on its risk management.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables), other financial assets and deposits with banks.

The Group's customers are mainly reputable corporations and thus credit risk is considered to be low. Credit risk on other receivables and other financial assets are minimal as the Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually and collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the reporting period and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

The Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables from transactions that is within the scope of HKFRS 15. Management has assessed the risk of default by counterparties and Note 22 details the loss allowance provision that was recognised during the reporting period.

40. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

To measure the expected credit losses, trade receivables were grouped based on shared credit risk characteristics and the days past due. The provision is determined as follows:

	Not yet past due	Less than 6 months past due	Over 6 months but less than 12 months past due	Over 12 months but less than 18 months past due	Over 18 months but not more than 24 months past due	Over 24 months past due	Total
As at 31 December 2022							
Expected loss rate	**4.97%**	**15.22%**	**48.71%**	**100.00%**	**100.00%**	**100.00%**	**22.71%**
Gross carrying amount (RMB'000)	**123,725**	**27,702**	**28,303**	**8,720**	**7,562**	**5,286**	**201,298**
Loss allowance provision (RMB'000)	**6,153**	**4,215**	**13,785**	**8,720**	**7,562**	**5,286**	**45,721**
As at 31 December 2021							
Expected loss rate	3.71%	10.75%	42.94%	100.00%	100.00%	100.00%	12.67%
Gross carrying amount (RMB'000)	109,019	38,991	13,490	2,092	2,070	3,195	168,857
Loss allowance provision (RMB'000)	4,046	4,191	5,793	2,092	2,070	3,195	21,387

As at 31 December 2022 and 2021, the fair value of trade receivables approximated their carrying amounts. The maximum exposure to credit risk at the reporting date was the carrying value of each class of receivable mentioned above. The Group does not hold any collateral or other credit enhancement over these balances.

The Group had a concentration of credit risk as certain of the Group's trade receivables were due from the Group's five largest customers as detailed below.

	2022 RMB'000	2021 RMB'000
Five largest customers	**63,268**	68,667

The Group's major bank balances are deposited with banks with good reputation and with high credit-ratings assigned by international credit-rating agencies and hence management does not expect any losses from non-performance by these banks.

40. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

In the management of liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet its liquidity requirements in the short and long term. The liquidity policies have been followed by the Group during the reporting period and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

	Interest rate	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
As at 31 December 2022							
Trade payables	N/A	22,585	22,585	22,585	–	–	–
Other payables and accruals	N/A	6,572	6,572	6,572	–	–	–
Borrowings	4.50%–6.20%	32,052	32,705	32,705	–	–	–
Convertible bonds – liability component	18.29%	37,187	37,374	37,374	–	–	–
Lease liabilities	4.10%–5.36%	4,018	4,217	3,283	486	326	122
		102,414	103,453	102,519	486	326	122
As at 31 December 2021							
Trade payables	N/A	20,470	20,470	20,470	–	–	–
Other payables and accruals	N/A	8,714	8,714	8,714	–	–	–
Amount due to a director	N/A	2	2	2	–	–	–
Amounts due to related parties	N/A	130,293	130,293	130,293	–	–	–
Lease liabilities	4.92%–5.36%	6,925	7,397	3,180	3,283	697	237
		166,404	166,876	162,659	3,283	697	237

40. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Interest rate risk means the risk on fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing cash flow interest rate risk, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

The Group's investment in fixed-rate protected capital fund in Note 21 are of shorter duration and carried at amortised costs and therefore the management consider they are not subject to fair value change as a result of change in reasonable possible shift of market interest rate.

Other than cash at bank in Note 27, the Group does not have significant interest-bearing assets. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group's fair value interest-rate risk mainly arises from borrowings as disclosed in Note 31 and convertible bond as disclosed in Note 33. Borrowings and convertible bonds were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's borrowings and convertible bonds are disclosed in Note 31 and Note 33.

(d) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States dollars ("USD") and Hong Kong Dollars ("HKD") as the Group's bank balances and convertible bonds are denominated in these currencies. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

As at 31 December 2022, if the USD and HKD had weakened/strengthened by 0.5% against the RMB with all other variables held constant, profit for the year and equity would have been RMB480,000 higher/lower (2021: nil) and RMB480,000 lower/higher (2021: nil) respectively, mainly as a result of net foreign exchange losses/gains on translation of USD and HKD denominated bank balances and convertible bonds. The Group's management manages this risk by closely monitoring the exchange rate movement and changes in market conditions that may have a significant impact on the operations and financial performance.

40. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the reporting period.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. Total debt is calculated as borrowings, lease liabilities, amount due to a director, amounts due to related parties and convertible bonds. Capital includes equity attributable to owners of the Company.

	2022 RMB'000	2021 RMB'000
Total debt	73,257	137,220
Equity attributable to the owners of the Company	543,347	151,972
Total debt and equity	616,604	289,192
Gearing ratio	12%	47%

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, deposits and other receivables, other financial assets, amounts due to a director and related parties, trade payables, other payables and accruals, borrowings and liability portion of convertible bonds.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and other receivables, other financial assets, amounts due to a director/related parties and trade payables, and other payables and accruals, borrowings and liability portion of convertible bonds approximates fair value.

Financial instruments measured at fair value

Financial instruments measured at fair value include conversion option derivative of convertible bonds measured at FVTPL. The Group's financial instruments carried at fair value as at 2022 and 2021 are categorised by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at 31 December 2022 (2021: nil).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
31 December 2022			
Liabilities			
Conversion option derivative at FVTPL	–	–	–

The financial liabilities at FVTPL represent conversion option derivative portion of the convertible bonds (Note 33). The fair value is determined with reference to a valuation report issued by an independent valuation expert using Binomial Tree option pricing model.

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value (Continued)

The determination of the fair value of conversion option derivative portion of the convertible bonds is based on certain parameters including stock price and its volatility, exercise price, option life and risk-free interest rate, which are unobservable. The significant unobservable input is shown as below:

	2022	2021
Volatility in stock price	98.0%	N/A

Increased in volatility by 1% would increase the fair value of financial liabilities at FVTPL by nil (2021: nil), whilst decrease in volatility by 1% would decrease the fair value of the financial liabilities at FVTPL by nil (2021: nil).

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	2022 RMB'000	2021 RMB'000
Assets		
At the beginning of the year	–	5,222
Additions	–	30,000
Fair value change recognised in other comprehensive income	–	27,336
Distribution of assets to controlling shareholders *(Note 38)*	–	(62,558)
At the end of the year	–	–
Liabilities		
At the beginning of the year	–	–
Convertible bonds issued	3,841	–
Gain on fair value changes on convertible bond – conversion option derivative	(3,841)	–
At the end of the year	–	–

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at amortised cost – non-current		
Deposits	250	250
Financial assets at amortised cost – current		
Trade receivables	155,577	147,470
Deposits and other receivables	1,423	1,193
Other financial assets	17,390	–
Cash and cash equivalents	329,188	50,187
	503,578	198,850
	503,828	199,100
Financial liabilities		
Financial liabilities at FVTPL		
Convertible bonds – conversion option derivative	–	–
Financial liabilities at amortised cost – current		
Trade payables	22,585	20,470
Other payables and accruals	6,572	8,714
Borrowings	32,052	–
Convertible bonds – liability component	37,187	–
Lease liabilities	3,159	2,907
Amount due to a director	–	2
Amounts due to related parties	–	130,293
	101,555	162,386
Financial liabilities at amortised cost – non-current		
Lease liabilities	859	4,018
	859	4,018
	102,414	166,404

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

	Borrowings *(Note 31)* RMB'000	Lease liabilities *(Note 19)* RMB'000	Amount due to a director *(Note 25)* RMB'000	Amounts due to related parties *(Note 26)* RMB'000	Convertible bonds *(Note 33)* RMB'000
As at 1 January 2022	–	6,925	2	130,293	–
Changes from cash flow:					
Proceeds from bank borrowings	32,000	–	–	–	–
Proceeds from loan from third parties	101,320	–	–	–	–
Proceeds from loan from a shareholder	19,050	–	–	–	–
Repayment of loan from third parties	(101,320)	–	–	–	–
Repayment of loan from a shareholder	(20,695)	–	–	–	–
Repayment of principal elements	–	(2,920)	–	–	–
Proceeds from convertible bonds	–	–	–	–	44,352
Repayment of convertible bonds	–	–	–	–	(13,996)
Repayment to a director	–	–	(2)	–	–
Settlement of consideration arise from business transfer	–	–	–	(130,293)	–
Interest paid	(3,405)	(273)	–	–	(898)
	26,950	(3,193)	(2)	(130,293)	29,458
Other changes:					
Interest expenses *(Note 10)*	3,457	–	–	–	6,689
Deemed capital contribution from a shareholder	(1,029)	–	–	–	–
Fair value change of convertible bond – conversion option derivative *(Note 9)*	–	–	–	–	(3,841)
Loss on de-recognition of convertible bonds *(Note 9)*	–	–	–	–	230
Exchange difference	2,674	–	–	–	4,651
Commencement of leases	–	13	–	–	–
Imputed interest incurred on lease payments *(Note 10)*	–	273	–	–	–
	5,102	286	–	–	7,729
As at 31 December 2022	32,052	4,018	–	–	37,187

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Borrowings *(Note 31)* RMB'000	Lease liabilities *(Note 19)* RMB'000	Amount due to a director *(Note 25)* RMB'000	Amounts due to related parties *(Note 26)* RMB'000	Convertible bonds *(Note 33)* RMB'000
As at 1 January 2021	44,841	6,018	–	–	–
Changes from cash flow:					
Advances from directors	–	–	2	–	–
Proceeds from new borrowings	52,210	–	–	–	–
Repayment of borrowings	(44,841)	–	–	–	–
Repayment of principal elements	–	(3,096)	–	–	–
Settlement of consideration arise from business transfer	–	–	–	(201,590)	–
Interest paid	(3,459)	(328)	–	–	–
	3,910	(3,424)	2	(201,590)	–
Other changes:					
Interest expenses *(Note 10)*	3,459	–	–	–	–
Assumptions of liabilities by controlling shareholders *(Note 38)*	(52,210)	–	–	–	–
Recognition of consideration of business transfer	–	–	–	370,000	–
Expenses paid on behalf by related parties	–	–	–	166	–
Collection of trade receivables on behalf by related parties *(Note)*	–	–	–	(38,283)	–
Effect of lease modification	–	4,247	–	–	–
Early termination of lease	–	(815)	–	–	–
Commencement of leases	–	571	–	–	–
Imputed interest incurred on lease payments *(Note 10)*	–	328	–	–	–
	(48,751)	4,331	–	331,883	–
As at 31 December 2021	–	6,925	2	130,293	–

Note:

The amount arises as a number of customers of the Group continue to repay their outstanding amounts to Xiamen Many Idea Interactive Co., Ltd.* ("Xiamen Many Idea") (廈門多想互動文化傳播股份有限公司). In despite these customers have agreed with Xiamen Many Idea to transfer the right of debt collection to the Group by signing the tripartite agreement under the Business Transfer which was completed on 1 December 2021.

* English name of the subsidiary is translated directly from its corresponding official Chinese name.

43. CAPITAL COMMITMENTS

	2022 RMB'000	2021 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of the property, plant and equipment	11,262	–

44. EVENT AFTER THE REPORTING DATE

There are no other significant events which took place subsequent to 31 December 2022.

FINANCIAL SUMMARY

The following is a summary of the Group's published results, assets and liabilities for the past four financial years. The financial information as of 31 December 2022 has been extracted from the financial statements contained in the annual report for 2022, while the financial information for 2019, 2020 and 2021 has been extracted from the Company's prospectus dated 28 October 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the year ended 31 December			
	2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Revenue	**498,329**	353,300	308,377	391,038
Gross profit	**179,630**	114,536	74,642	129,347
Profit before income tax	**90,731**	79,368	36,944	98,595
Profit for the year	**67,700**	64,741	31,784	80,024
Adjusted EBITDA	**138,573**	100,676	41,204	103,693
Adjusted net profit	**89,883**	73,396	31,784	80,024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December			
	2022 (RMB'000)	2021 (RMB'000)	2020 (RMB'000)	2019 (RMB'000)
Assets				
Non-current assets	**135,562**	101,977	19,313	21,301
Current assets	**580,990**	247,762	352,162	290,067
Total assets	**716,552**	349,739	371,475	311,368
Liabilities				
Non-current liabilities	**859**	4,018	5,665	11,018
Current liabilities	**170,833**	192,212	89,958	56,795
Total liabilities	**171,692**	196,230	95,623	67,813
Equity				
Equity attributable to owners of the Company	**543,347**	151,972	229,288	202,443
Equity attributable to non-controlling interest	**1,513**	1,537	46,564	41,112
Total equity	**544,860**	153,509	275,852	243,555
Total equity and liabilities	**716,552**	349,739	371,475	311,368

Many Idea Cloud Holdings Limited
多想雲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6696

2023

INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTOR

Executive Director

Mr. Liu Jianhui *(Chairman of the Board and Chief Executive Officer)*
Ms. Qu Shuo
Mr. Chen Shancheng
Mr. Chen Zeming
Ms. Huang Tingting (resigned on 29 March 2023)

Independent Non-executive Director

Ms. Wang Yingbin
Ms. Wong Yan Ki, Angel
Mr. Tian Tao
Ms. Xiao Huilin (appointed on 15 February 2023)

COMPANY SECRETARY

Ms. Tang Wing Shan Winza

AUTHORISED REPRESENTATIVE

Mr. Liu Jianhui
Ms. Tang Wing Shan Winza

AUDIT COMMITTEE

Ms. Wong Yan Ki, Angel *(Chairperson)*
Ms. Wang Yingbin
Mr. Tian Tao

REMUNERATION COMMITTEE

Ms. Wang Yingbin *(Chairperson)*
Ms. Wong Yan Ki, Angel
Mr. Tian Tao

NOMINATION COMMITTEE

Mr. Tian Tao *(Chairperson)*
Ms. Wang Yingbin
Ms. Wong Yan Ki, Angel

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

PRINCIPAL BANKER

Shanghai Pudong Development Bank Co., Ltd.
Xiamen Guanyinshan Sub-branch
No. 2 of Unit 101
No. 161 Taidong Road
Siming District, Xiamen, Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2408, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

HEADQUARTERS IN THE PRC

12/F, ERKE Group Mansion
11 Guanyin Shan
Hualian Road
Siming District
Xiamen
Fujian Province
PRC

AUDITOR

BDO Limited
Certified Public Accountants
25/F, Wing On Centre
111 Connaught Road Central
Hong Kong

HONG KONG LEGAL ADVISER

WAN & TANG
Room 2408, World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman, KY1-9009
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPLIANCE ADVISER

Zhongtai International Capital Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

COMPANY WEBSITE

www.manyidea.cloud

STOCK CODE

6696

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT OR LOSS

	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	**287,607**	198,356
Gross profit	**54,665**	65,102
Profit before income tax	**23,259**	25,098
Profit for the year	**20,475**	19,482

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Unaudited)
Assets		
Non-current assets	**129,556**	135,562
Current assets	**680,465**	580,990
Total assets	**810,021**	716,552
Liabilities		
Non-current liabilities	**437**	859
Current liabilities	**244,249**	170,833
Total liabilities	**244,686**	171,692
Equity		
Equity attributable to owners of the Company	**563,840**	543,347
Equity attributable to non-controlling interests	**1,495**	1,513
Total equity	**565,335**	544,860
Total equity and liabilities	**810,021**	716,552

CONSOLIDATED FINANCIAL DATA

For the six months ended 30 June 2023, the Group achieved a revenue of approximately RMB287,607,000, a year-on-year ("YoY") increase of approximately 45.0%.

REVENUE FROM INTEGRATED MARKETING SERVICES

For the six months ended 30 June 2023, the Group's revenue from integrated marketing services amounted to approximately RMB267,113,000, a YoY increase of approximately 47.0%, making up approximately 92.9% of the Group's total revenue.

REVENUE FROM SAAS INTERACTIVE MARKETING SERVICES

For the six months ended 30 June 2023, the Group's revenue reached approximately RMB20,494,000, a YoY surge of approximately 23.5%, representing approximately 7.1% of the Group's total revenue.

CHAIRMAN'S STATEMENT

Distinguished shareholders,

I am very pleased to, on behalf of the board (the "Board") of directors (the "Directors") of Many Idea Cloud Holdings Limited (hereinafter referred to as "Many Idea Cloud", "the Company" or "our Company"), hereby present the interim business results of our Company and its subsidiaries (hereinafter collectively referred to as "our Group", "the Group", "we" or "us") for the six months ended 30 June 2023 (hereinafter referred to as the "Reporting Period"), extend our most sincere gratitude to all shareholders, and thanks to all employees of the Group for their unremitting efforts. In the first half of 2023, as the pandemic receded, we followed the trend of the times and seized the marketing opportunities. Many Idea Cloud never stopped its pace. Instead, we continued to meet the diversified needs of our customers, rose to the challenges, and forged ahead, while also deepening our cooperation with the vertical media platform of TikTok, aiming to expand our business scale and increase revenue. We are committed to helping our customers realise their brand value and achieve multi-channel sales growth to build the Group into a leading one-stop marketing service provider integrating brand, efficiency, and sales in China.

REVIEW

In the first half of 2023, we have shown steady performance in overall revenue, with the proportion of income from major customers continuously increasing. The revenue from the TikTok business has also entered a sustainable development track, indicating that our Group is expected to experience accelerated development in businesses in the second half of the year.

OUTLOOK

In the second half of 2023, we will focus on the following directions to drive growth: intensify our efforts on key customers, optimise operational capabilities to assist customers in reducing the cost of customer acquisition, and increase ROI conversion. In addition, we will also utilise various cooperation models such as agency operation, distribution, and dealership to help customers improve their sales through short videos, live streaming, and influencer distribution.

APPRECIATION

In the future, we will take technology as the core and truly realise AI-enabled integrated marketing for enterprises, continuously strengthen our technical capabilities, and constantly improve our product innovation capabilities. I would like to take this opportunity to express our most sincere gratitude towards all of the Group's shareholders, investors and business partners for their full trust in and support to the Group. I would like to thank all my colleagues in the Board, the management and all employees for their unremitting efforts and contributions to the Group. In the future, we will strive to maintain the development momentum of the Group and seek stable returns for the shareholders.

Many Idea Cloud Holdings Limited
Chairman of the Board of Directors
Liu Jianhui
25 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Review

In the first half of 2023, we have shown steady growth in overall revenue, with the proportion of income from major customers continuously increasing. The revenue from the digital marketing services, particularly through Tiktok channel is also growing steadily, paving way for our accelerated development in businesses in the second half of the year.

Outlook

In the second half of 2023, we will focus on the following directions to drive growth: intensifying our efforts on key customers, optimising operational capabilities to assist customers in reducing the cost of customer acquisition, and enhancing our return on investment. In addition, we will also explore various cooperation models such as agency operation, distribution, and dealership to help customers improve their sales through short videos, live streaming, and influencer distribution.

FINANCIAL REVIEW

Overview

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

During the six months ended 30 June 2023 (the "Reporting Period"), our total revenue reached approximately RMB287,607,000, a year-on-year ("YoY") growth of approximately 45.0% (approximately RMB198,356,000 in the same period in 2022). The increase in revenue was mainly due to our continued business expansion and improved reputation among existing and potential customers as well as the launch of the new TikTok distribution channel this year, which has resulted in increased revenue from integrated marketing services and SaaS interactive marketing services.

FINANCIAL REVIEW (Continued)

Revenue

During the Reporting Period, our total revenue reached approximately RMB287,607,000, a YoY growth of approximately 45.0% (approximately RMB198,356,000 in the same period in 2022).

The following table sets out a breakdown of our total revenue for the periods indicated. During the Reporting Period, the Company recorded a YoY growth of approximately 47.0% in revenue from integrated marketing services to approximately RMB267,113,000, accounting for approximately 92.9% of the Group's total revenue, and the Company's revenue from SaaS interactive marketing services increased by approximately 23.5% YoY to approximately RMB20,494,000, accounting for approximately 7.1% of the Group's total revenue.

	For the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
Revenue from Integrated Marketing Services	**267,113**	**92.9**	181,768	91.6	47.0
Revenue from SaaS Interactive Marketing Services	**20,494**	**7.1**	16,588	8.4	23.5
Total	**287,607**	**100.0**	198,356	100.0	45.0

Integrated Marketing Services

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

	For the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
Content marketing	**130,142**	**48.7**	102,617	56.5	26.8
Digital marketing	**91,896**	**34.4**	47,713	26.2	92.6
Media advertisement	**37,250**	**13.9**	25,779	14.2	44.5
Public relations event planning	**7,825**	**2.9**	5,659	3.1	38.3
Total	**267,113**	**100.0**	181,768	100.0	47.0

FINANCIAL REVIEW (Continued)

Revenue (Continued)

Integrated Marketing Services (Continued)

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

During the Reporting Period, our revenue from integrated marketing services increased by approximately 47.0% YoY to approximately RMB267,113,000 (approximately RMB181,768,000 in the same period in 2022), accounting for approximately 92.9% of revenue in the first half of 2023. The increase in revenue from integrated marketing services was mainly due to the increase in revenue derived from content marketing services, digital marketing services, and media marketing services which were attributable to the abundance of experience in serving customers gleaned over the years and our marketing solutions were more tailored to customer marketing needs.

SaaS Interactive Marketing Services

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

Our revenue from integrated marketing services increased by approximately 23.5% YoY to approximately RMB20,494,000 (approximately RMB16,588,000 in the same period in 2022), accounting for approximately 7.1% of revenue in the first half of 2023. Such increase was mainly attributable to the increasing recognition of our SaaS interactive marketing platform, Content Engine by customers, which facilitate the online marketing promotion strategies of our customers and provided “Content + Technology” platform services.

FINANCIAL REVIEW (Continued)

Cost of revenue

During the Reporting Period, the cost of our revenue amounted to approximately RMB232,942,000, a YoY growth of approximately 74.8% (approximately RMB133,254,000 in the same period in 2022).

Integrated Marketing Services

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

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

	As of the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	**%**	RMB'000 (Unaudited)	%	%
Media advertising resources costs					
– Marketing rights from IP content providers	**51,777**	**23.7**	24,419	19.4	112.0
– Costs of obtaining advertising resources from advertising media channels or their agents	**148,793**	**68.0**	5,878	4.7	2,431.4
– Other media technical and execution costs	**3,284**	**1.5**	71,272	56.7	(95.4)
Subtotal	**203,854**	**93.1**	101,569	80.7	100.7
Production costs	**10,429**	**4.8**	19,791	15.7	(47.3)
Equipment rental costs	**715**	**0.3**	391	0.3	82.9
Staff costs	**3,034**	**1.4**	3,160	2.5	(4.0)
Other costs	**866**	**0.4**	881	0.7	(1.7)
Total	**218,898**	**100.0**	125,792	100.0	74.0

During the Reporting Period, the cost of revenue of integrated marketing services reached approximately RMB218,898,000, a YoY growth of approximately 74.0% (approximately RMB125,792,000 in the same period in 2022). Such an increase was primarily due to an acquisition of the first-tier agent of TikTok during the Reporting Period that resulted in an increase in revenue from digital marketing services and thus increased costs of media advertising resources.

FINANCIAL REVIEW (Continued)

Cost of revenue (Continued)

SaaS Interactive Marketing Services

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

	As of the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
SaaS costs	13,811	98.3	7,174	96.1	92.5
Staff costs	233	1.7	288	3.9	(19.1)
Total	14,044	100.0	7,462	100.0	88.2

During the Reporting Period, the cost of revenue of SaaS interactive marketing services amounted to approximately RMB14,044,000, a YoY growth of approximately 88.2% (approximately RMB7,462,000 in the same period in 2022). Such growth was principally due to the increased customised outsourcing fees along with a rise in the revenue from SaaS interactive marketing services, pushing up such cost of revenue.

FINANCIAL REVIEW (Continued)

Gross profit

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

	For the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
Integrated Marketing Services	**48,215**	**88.2**	55,976	86.0	(13.9)
SaaS Interactive Marketing Services	**6,450**	**11.8**	9,126	14.0	(29.3)
Total	**54,665**	**100.0**	65,102	100.0	(16.0)

During the Reporting Period, our total gross profit reached approximately RMB54,665,000, a YoY decrease of approximately 16.0% (approximately RMB65,102,000 in the same period in 2022). The gross profit from integrated marketing services was approximately RMB48,215,000, a YoY decrease of approximately 13.9% (approximately RMB55,976,000 in the same period in 2022). The decline in gross profit margin of the Company's integrated marketing services was mainly due to the low gross margin of our cooperation with TikTok as its first-tier agent. Our gross profit from SaaS interactive marketing services was approximately RMB6,450,000, a YoY increase of approximately 29.3% (approximately RMB9,126,000 in the same period in 2022). The gross profit margin for SaaS interactive marketing services decreased from approximately 55.0% in 2022 to approximately 31.5%, mainly due to the Company's increased exclusive customised outsourcing fees during the Reporting Period.

Selling and marketing expenses

Our selling and marketing expenses mainly consist of (i) salaries and benefits of marketing and technical support personnel; (ii) business entertainment and travel expenses, largely including business entertainment, accommodation and travel expenses; (iii) amortization and depreciation, mainly referring to the depreciation of equipment, automobiles, leased property renovation, and leased right-of-use assets and the amortization of computer software; and (iv) other expenses, including property management fees, office expenses and local transportation expenses. During the Reporting Period, our selling and marketing expenses reached approximately RMB3,914,000, a YoY increase of approximately 19.4% (approximately RMB3,279,000 in the same period in 2022). Such an increase was primarily due to the increase in wages and salaries which is caused by the addition of personnel who are responsible for digital marketing services in respect of Tiktok channel during the Reporting Period.

FINANCIAL REVIEW (Continued)

Administrative expenses

Administrative expenses predominantly include: (i) employee costs and benefits, principally including administrative employee salaries and training expenses; (ii) legal and professional fees, mainly referring to legal and professional fees incurred in connection with the Group's business operation; (iii) amortization and depreciation, primarily referring to the depreciation of equipment, vehicles, and renovation of our leased properties, and leased right-of-use assets and the amortization of computer software; (iv) research and development ("R&D") costs, principally referring to the salaries of R&D employees of content engine; (v) other taxes, mostly consisting of urban maintenance and construction taxes and stamp taxes; and (vi) other expenses. During the Reporting Period, our general and administrative expenses amounted to approximately RMB11,635,000, a YoY growth of approximately 17.7% (approximately RMB9,884,000 in the same period in 2022). Such an increase was mainly attributable to the increase in printing and translation related expenses for disclosures such as annual report during the Reporting Period.

Provision for impairment loss on trade receivables and other financial assets during the Reporting Period

During the Reporting Period, our provision for impairment loss on trade receivables and other financial assets was approximately RMB18,469,000, representing an increase of approximately 13.1% YoY (approximately RMB16,331,000 in the same period in 2022). Such an increase was primarily due to the fact that significant growth in revenue was accompanied by a rise in trade receivable, leading to an increase in provision for bad debts during the Reporting Period.

Other revenue

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

	As of the six months ended 30 June		
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	Change (+/(-)) %
Government grant	**2,295**	941	143.9
Bank interest income	**398**	881	(54.8)
Additional value added tax input deduction	**1,420**	1,363	4.2
Others	**1**	–	–
Total	**4,114**	3,185	29.2

During the Reporting Period, our other revenue amounted to approximately RMB4,114,000, a YoY increase of approximately 29.2% (approximately RMB3,185,000 in the same period in 2022). The increase in government grants was mainly due to an increase in grants for listed operating teams.

FINANCIAL REVIEW (Continued)

Other gains and losses

During the Reporting Period, our other losses amounted to approximately RMB1,059,000 (Other gains of approximately RMB2,596,000 in 2022). Such a decrease was mainly due to changes in exchange rate of the Company's foreign currency accounts during the Reporting Period.

Finance costs

Financial expenses primarily comprised (i) interest expense on bank borrowings; (ii) interest expense on third-parties' loans; (iii) interest expenses on shareholders' loans; (iv) imputed interest expenses on convertible bonds; and (v) interest expenses on lease liabilities.

During the Reporting Period, our finance costs reached approximately RMB443,000, a YoY decrease of approximately 92.4% (approximately RMB5,859,000 in the same period in 2022). Such decrease was largely attributed to the decrease in interest expenses in connection with (i) the Pre-HKIPO loans entered into between the Company and each of the Pre-HKIPO loan lenders had been matured or redeemed in December 2022 and January 2023; (ii) loan agreement entered into between the Company and one Pre-IPO investor pursuant to the terms under the subscription agreement in January 2022 which has been fully repaid in 2022; and (iii) the three bridging loan agreements entered into between the Company and two independent third parties for the settlement of consideration of business transfer with an aggregate total loan amount of approximately RMB101.3 million in January 2022, and such loans were fully repaid in June 2022. For details, please refer to the Company's prospectus dated 28 October 2022 (the "Prospectus").

Listing expenses

During the Reporting Period, no listing fees incurred by the Group, a YoY decrease of approximately 100.0% (approximately RMB5,240,000 in the same period in 2022).

Profit before income tax

As a result of the above, our profit before income tax as of the six months ended 30 June 2023 stood at approximately RMB23,259,000, a decrease of approximately 7.3% YoY (approximately RMB25,098,000 in the same period in 2022).

Income tax expenses

During the Reporting Period, our income tax expense was approximately RMB2,784,000, a YoY decrease of approximately 50.4% (approximately RMB5,616,000 in the same period in 2022). Such a decrease was largely due to an increased revenue caused by lower gross profits during the Reporting Period, leading to the synchronous increase of corresponding credit impairment provision receivable and deferred income tax expense. The effective tax rate, representing income tax expense divided by profit before tax, was approximately 22.4% and 12.0% for the six months ended 30 June 2022 and 2023, respectively.

FINANCIAL REVIEW (Continued)

Net profit and net profit margin

During the Reporting Period, the Group recorded a net profit for the period ended amounted to RMB20,475,000, a YoY increase of approximately 5.1% (approximately RMB19,482,000 in the same period in 2022), with a net profit margin of 7.1% and 9.8%, respectively. The trend of net profit and net profit margin were mainly due to a growing revenue and a decrease in gross profit margin during the Reporting Period.

Reserves and capital structure

As of the six months ended 30 June 2023, the Group's total equity was RMB565,000,000 (as of the same period ended 31 December 2022: RMB543,347,000), which represented share capital of RMB72,000 (as of the same period ended 31 December 2022: RMB72,000) and reserves of RMB564,000,000 (as of the same period ended 31 December 2022: RMB545,000,000). The increase in total equity was primarily due to the increase of net profit for the year.

LIQUIDITY AND FINANCIAL RESOURCES

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

As of the six months ended 30 June 2023, the Group's total current assets and current liabilities were RMB680,465,000 (as of 31 December 2022: RMB580,990,000) and RMB244,249,000 (as of 31 December 2022: RMB170,833,000), respectively, while the current ratio was 2.8 times (as of 31 December 2022: 3.4 times). The increase in total current assets as at 30 June 2023 was mainly attributable to an increase in ending prepayments, deposits, and other receivables. As at 30 June 2023, the Group had a prepayments, deposits, and other receivables amounting to RMB376,473,000 (as of 31 December 2022: RMB78,794,000).

As at 30 June 2023, the Group had bank borrowings of RMB30,041,000. The Group's gearing ratio (which equals to total debt divided by total capital plus total debt, where total debt includes borrowings, lease liabilities, amounts due to Directors and amounts due to related parties, and capital includes equity attributable to owners of the Company) was approximately 5.6% as at 30 June 2023 (31 December 2022: approximately 11.9%).

CAPITAL EXPENDITURES AND COMMITMENT

Our capital expenditures primarily consist of (i) property, plant and equipment, which primarily consisted of computer equipment, office equipment, automobiles, and leasehold improvement in relation to renovation expenses for our properties; (ii) right-of-use assets, which primarily consisted of our property leases; and (iii) intangible assets, which primarily consisted of copyright licences and purchased software, among others.

The capital expenditure of the Group for the six months ended 30 June 2023 was approximately RMB930,000. The following table sets out our capital expenditures for the period indicated:

		For the six months ended 30 June 2023 RMB'000 (Unaudited)
(1)	Fixed assets (including computer equipment, office equipment, automobiles and office leasehold improvement)	125
(2)	Right-of-use assets	805
Total		930

For the six months ended 30 June 2023, the Group had a total capital commitment of approximately RMB11,262,000 (30 June 2022: Nil), contracted for but not provided for in the consolidated financial statements in respect of the property, plants, and equipment.

CONTINGENT LIABILITIES

For the six months ended 30 June 2023, we did not have any unrecorded significant contingent liabilities, guarantees, or any litigation against us.

FOREIGN CURRENCY RISK MANAGEMENT

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

The Group adopted a prudent approach toward its treasury policies. Our treasury function mainly involves the management of our cash flows. Cash is mainly deposited in banks in Renminbi for working capital purposes. We did not have any material holding in financial securities or foreign exchange (except for business purposes) during the Reporting Period.

CREDIT RISK

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

ASSETS PLEDGED

As of 30 June 2023, we did not pledge any of our assets.

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

During the Reporting Period, the Group had no significant investments, material acquisitions, disposals of subsidiaries, associates and joint ventures.

EMPLOYEES

We had a total of 141 employees as at 30 June 2023.

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

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

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

During the Reporting Period, the total staff cost including remuneration, other employee benefits and contributions to retirement schemes for the Directors and other staff of the Group amounted to RMB11,285,000 (the same period in 2022: RMB11,880,000), which remain relatively stable compared with the corresponding period in 2022.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As of 30 June 2023, save for the disclosure made in the Prospectus, the Group did not have any plan for significant investments or capital assets.

USE OF PROCEEDS

The net proceeds from the listing (the "net proceeds"), after deducting the underwriting fees and other related expenses in connection with the listing, was approximately HKD267.30 million. The Company intends to apply the net proceeds in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The following table sets out the utilisation of the net proceeds for the six months ended 30 June 2023.

	Percentage of Net Proceeds	Net Proceeds from Global Offering HKD Million	Utilised Amount as of 30 June 2023 HKD Million	Unutilised Balance as of 30 June 2023 HKD Million	Expected Timeline of Utilisation
Enhancing SaaS interactive marketing platform research and development	14.7%	39.2	6.6	32.6	31 December 2024
Scaling up our IP contents portfolio and expanding our integrated marketing solutions business	31.7%	84.8	81.9	2.9	31 December 2024
Investment in the expansion of our geographical coverage and customer base	16.0%	42.7	41.8	0.9	31 December 2024
Pursuing strategic cooperation, investments, and acquisitions	32.1%	85.8	–	85.8	31 December 2024
Working capital and general corporate use	5.5%	14.8	14.8	–	
Total	100.0%	267.3	145.1	122.2	

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

MAJOR EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

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

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

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules as a basis for corporate governance practices.

During the six months ended 30 June 2023, the Company had complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, except for the following deviation:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive shall be separate and shall not be performed by the same individual. Mr. Liu Jianhui serves as chief executive officer, and also the Chairman of our Company. Our Board believes that assigning one person to serve as both chief executive officer and the Chairman can facilitate the execution of the Group's business strategies and enhance our Group's operation efficiency. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, we believe that the structure of our Board is appropriate and balanced to provide sufficient checks and supervisions to protect the interests of our Company and its shareholders. Our Board will regularly review the strengths and weaknesses of this management structure and will take appropriate measures where necessary in the future, taking into account the nature and extent of our Group's business.

MODEL CODE FOR DIRECTOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as a code of conduct for its Directors to conduct trading of securities. The Company has made specific enquiries to all of its Directors, who have confirmed that they have complied with the standards set out in the Mode Code during the Reporting Period.

No incident of non-compliance of the Model Code by the Directors and relevant employees was noted during the Reporting Period. Our Company continues to ensure compliance with the code of conduct.

CHANGE IN DIRECTORS' PARTICULARS

After the release of the Company's 2022 annual report, Ms. Xiao Huilin was appointed as an independent non-executive director on 15 February 2023. Ms. Huang Tingting resigned as an executive director on 29 March 2023. Mr. Liu Jianhui, Ms. Qu Shuo and Mr. Chen Shancheng were re-elected as executive directors at the annual general meeting on 21 June 2023. Ms. Xiao Huilin was re-elected as an independent non-executive director at the annual general meeting on 21 June 2023.

Ms. Wong Yan Ki, Angel ("Ms. Wong") resigned as an independent non-executive director of Bit Mining Limited (formerly known as 500.com Limited (a company listed on New York Stock Exchange with ticker symbol: BTCM)) on 17 April 2023.

Ms. Xiao Huilin ("Ms. Xiao") was appointed as an independent non-executive director of Jinke Smart Services Group Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 9666)) on 8 June 2023. Currently, she also has been serving an independent director of Hubei Mailyard Share Co. Ltd.* (湖北美爾雅股份有限公司) (600107.SH), an independent director of Kingland Technology Co. Ltd.* (京藍科技股份有限公司) (000711.SZ), and an independent director of Kingfore Energy Group Co. Ltd. (金房能源集團股份有限公司) (001210 SZ).

Save as the above, there has been no disclosable change in information of the Directors and chief executive of the Company pursuant to Rule 13.51B (1) of the Listing Rules since the publication of the 2022 annual report of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023.

AUDIT COMMITTEE

The Company has established an Audit Committee comprising three independent non-executive directors, being Ms. Wong, Ms. Wang Yingbin and Mr. Tian Tao. The Audit Committee is chaired by Ms. Wong, who has appropriate professional qualifications. The Audit Committee has also adopted written terms of reference setting out clearly its duties and responsibilities. The terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and policies adopted by the Group and discussed the Group's internal control and financial reporting matters (including reviewing the unaudited interim financial information for the six months ended 30 June 2023). The Audit Committee considers that the interim financial information complies with applicable accounting standards, laws, and regulations.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries acquired, redeemed, or sold any of its listed securities.

SUFFICIENT PUBLIC FLOAT

Based on the publicly available information of the Company and to the best knowledge of our Directors, the Company has maintained a sufficient public float throughout the Reporting Period and up to the date of this interim report.

INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

To the best knowledge of the Company as at 30 June 2023, our Directors or chief executive of the Company have, in the shares, underlying shares, and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), (a) any interests and/or short positions (if applicable) which will be required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), (b) any interests and/or short positions which will be required, pursuant to Section 352 of the SFO, to be entered in the register kept referred to in that section, or (c) any interests and/or short positions which will be required, pursuant to the Model Code, to be notified to the Company and the HKEx. Refer to the table below:

Long positions in shares

Name of Director	Capacity/Nature of Interest	Number of Shares/ Interests Held	Approximate Percentage of Shareholding[1]
Mr. Liu Jianhui ("Mr. Liu")	Interest in controlled corporation[2]	130,457,399 (L)	16.31%
	Interest in controlled corporation[3]	126,330,885 (L)	15.79%
	Interest of spouse[4]	1,579,097 (L)	0.20%
Ms. Qu Shuo ("Ms. Qu")	Interest of spouse[4]	130,457,399 (L)	16.31%
	Interest of spouse[4]	126,330,885 (L)	15.79%
	Interest in controlled corporation[5]	1,579,097 (L)	0.20%
Mr. Chen Shancheng ("Mr. Chen SC")	Interest in controlled corporation[6]	15,119,887 (L)	1.89%
Mr. Chen Zeming ("Mr. ZM")	Interest in controlled corporation[7]	1,963,278 (L)	0.25%

Notes:

(L) denotes long positions.

1. Calculation is based on a total of 800,000,000 Shares, being the total number of shares issued as at 30 June 2023.

2. The said shares were held in the name of Many Idea Liujianhui Limited ("Many Idea Liujianhui"). The entire issued share capital of Many Idea Liujianhui is wholly owned by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in such number of Shares held by Many Idea Liujianhui by virtue of the SFO.

INTERESTS AND SHORT POSITIONS OF OUR DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES (Continued)

Long positions in shares (Continued)

Notes: (Continued)

3. The said Shares were held in the name of Xiamen Huli District Dream Future Investment Partnership Enterprise (Limited Partnership) ("Xiamen Dream Future"). Xiamen Huli District Dream Future Investment Partnership Enterprise (Limited Partnership) ("Xiamen Dream Future") is owned as to 90% by Zhangjiajie Lejian Many Idea Network Technology Centre (Limited Partnership) ("ZJJ Many Idea"), 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.

4. As Mr. Liu is the spouse of Ms. Qu and vice versa, and they are each deemed under the SFO to be interested in the Shares directly held by each other.

5. The said Shares were held in the name of Many Idea Qushuo Limited ("Many Idea Qushuo"). The entire issued share capital of Many Idea Qushuo is wholly owned by Ms. Qu. Accordingly, Ms. Qu is deemed to be interested in such number of Shares held by Many Idea Qushuo by virtue of the SFO.

6. The said Shares were held in the name of Many Idea ChenShancheng Limited. The entire issued share capital of Many Idea ChenShancheng Limited is wholly owned by Mr. Chen SC. Accordingly, Mr. Chen SC is deemed to be interested in such number of Shares held by Many Idea ChenShancheng Limited by virtue of the SFO.

7. The said Shares were held in the name of Many Idea ChenZeming Limited. The entire issued share capital of Many Idea ChenZeming Limited is wholly owned by Mr. Chen ZM. Accordingly, Mr. Chen ZM is deemed to be interested in such number of Shares held by Many Idea ChenZeming Limited by virtue of the SFO.

Save as disclosed above, to the best knowledge of Directors and chief executive of the Company, as at 30 June 2023, none of Directors or chief executive of the Company has, in the shares, underlying shares and debentures of the Company or its associated corporation, (a) any interests or short positions which will be required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (b) any interests or short positions which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section; or (c) any interests or short positions which will be required, pursuant to the Model Code, to be notified to the Company and the HKEx.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2023, according to records in the register maintained by our Company pursuant to Section 336 of the SFO, the following persons (other than Directors or chief executive of our Company) had, in the shares and underlying shares, any interests or short positions which will be required to be disclosed to our Company and the HKEx pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares/ Interests Held	Approximate Percentage of Shareholding[1]
Many Idea Liujianhui	Beneficial owner[2]	130,457,399 (L)	16.31%
ZJJ Many Idea	Interest in controlled corporation[3]	126,330,885 (L)	15.79%
Xiamen Dream Future	Beneficial owner[3]	126,330,885 (L)	15.79%
Many Idea Qushuo	Beneficial owner[4]	1,579,097 (L)	0.20%

Notes:

1. Calculation is based on a total of 800,000,000 Shares, being the total number of shares issued as at 30 June 2023.

2. The said Shares were held in the name of Many Idea Liujianhui. The entire issued share capital of Many Idea Liujianhui is wholly owned by Mr. Liu. Accordingly, Mr. Liu is deemed to be interested in such number of Shares held by Many Idea Liujianhui by virtue of the SFO.

3. The said Shares were held in the name of Xiamen Huli District Dream Future Investment Partnership Enterprise (Limited Partnership) ("Xiamen Dream Future"). Xiamen Dream Future is owned as to 90% by ZJJ Many Idea, 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.

4. The said Shares were held in the name of Many Idea Qushuo. The entire issued share capital of Many Idea Qushuo is wholly owned by Ms. Qu. Accordingly, Ms. Qu is deemed to be interested in such number of Shares held by Many Idea Qushuo by virtue of the SFO.

Save as disclosed above, Directors have not been notified by any persons who had interests or short positions in the shares or underlying shares which would fall to be required to be disclosed to our Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register maintained by our Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period, was the Company or any of its subsidiaries a party, to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate. None of the Directors or his/her spouse or children under the age of 18 years had any rights to subscribe for shares or debentures of the Company or any other corporations and none of them exercised any rights in relation thereto.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by a resolution of Shareholders of our Company passed on 12 October 2022.

Purpose of the Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

Who may join

Our Directors may at any time within a period of ten years commencing from the date of adoption of the Share Option Scheme, at its absolute discretion, in accordance with the provisions of the Share Option Scheme and the Listing Rules make an offer to any person belonging to any of the following classes of participants ("Eligible Participant"), to take up options to subscribe for Shares:

(aa) any employee ("Eligible Employee") (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of our subsidiaries or any entity ("Invested Entity") in which any member of our Group holds an equity interest;

(bb) any non-executive directors (including INEDs) of our Company, any of our subsidiaries or any Invested Entity;

(cc) any supplier of goods or services to any member of our Group or any Invested Entity;

(dd) any customer of any member of our Group or any Invested Entity;

SHARE OPTION SCHEME (Continued)

Who may join (Continued)

(ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group.

Maximum Number of the Shares Available for Subscription

According to the Share Option Scheme, the maximum number of Shares available for issuance corresponding to all share options is 80,000,000, representing 10% of issued shares of the Company as at the date of this interim report.

As at 30 June 2023, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme, and 800,000,000 share options are still available for future grant.

Maximum Entitlement of Each Participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders at a general meeting of our Company with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. Our Company must send a circular to the Shareholders, containing the information required under the Listing Rules. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

SHARE OPTION SCHEME (Continued)

Grant of Options to Our Directors, Chief Executive or Substantial Shareholders of Our Company or Their Respective Associates

(aa) Any offer for the grant of options under the Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options).

(bb) Where any grant of options to a Substantial Shareholder or an INED or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

   (i) representing in aggregate over 0.1% of the Shares in issue; and

   (ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HKD5 million; such further grant of options must be approved by Shareholders in the general meeting. Our Company must send a circular to the Shareholders, containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a Substantial Shareholder or an INED or any of their respective associates must be approved by the Shareholders in a general meeting.

Subscription Price for the Shares and Consideration for the Option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant of the option, which must be a business day; (ii) the average closing price of Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant of the option; and (iii) the nominal value of a Share.

A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

SHARE OPTION SCHEME (Continued)

Time of Acceptance and Exercise of Option

An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period ("Option Period") may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years ("Termination Date") commencing on the date on which the Share Option Scheme is adopted.

As at the date of the report, the total number of the Shares available for issuance upon exercise of all share options granted according to the Share Option Scheme was 80,000,000 (accounting for 10% of the issued share capital).

No options have been granted or agreed to be granted under the Share Option Scheme as at 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

Six months ended 30 June 2023

	Notes	As of the six months ended 30 June **2023** **RMB'000** **(Unaudited)**	 2022 RMB'000 (Unaudited)
Revenue	*7*	**287,607**	198,356
Cost of revenue		**(232,942)**	(133,254)
Gross profit		**54,665**	65,102
Other revenue	*8*	**4,114**	3,185
Other gains and losses	*9*	**(1,059)**	(2,596)
Selling and marketing expenses		**(3,914)**	(3,279)
Administrative expenses		**(11,635)**	(9,884)
Provision for impairment loss on trade receivables and other financial assets, net	*11*	**(18,469)**	(16,331)
Finance costs	*10*	**(443)**	(5,859)
Listing expenses	*11*	**–**	(5,240)
Profit before income tax expense	*11*	**23,259**	25,098
Income tax expense	*15*	**(2,784)**	(5,616)
Profit for the year		**20,475**	19,482
Profit for the year attributable to:			
Owners of the Company		**20,493**	19,495
Equity attributable to non-controlling interests		**(18)**	(13)
		20,475	19,482
Profit for the year		**20,475**	19,482
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income		**–**	–
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**20,475**	19,482
Total comprehensive income for the year attributable to:			
Owners of the Company		**20,493**	19,495
Equity attributable to non-controlling interests		**(18)**	(13)
		20,475	19,482
Earnings per share attributable to the ordinary shareholder of the Company (RMB)			
– Basic and diluted	*17*	**0.026**	0.031

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*18*	**1,317**	1,531
Right-of-use assets	*19*	**2,971**	4,411
Intangible assets	*20*	**98,633**	106,134
Financial assets at fair value through other comprehensive income		**10**	–
Deferred tax assets	*28*	**12,975**	9,836
Prepayments, deposits and other receivables	*23*	**13,650**	13,650
Total non-current assets		**129,556**	135,562
Current assets			
Trade receivables	*22*	**167,071**	155,577
Prepayments, deposits and other receivables	*23*	**376,473**	78,794
Contract costs	*24*	**165**	41
Other financial assets	*21*	**17,390**	17,390
Cash and cash equivalents	*27*	**119,366**	329,188
Total current assets		**680,465**	580,990
Total assets		**810,021**	716,552
Current liabilities			
Trade payables	*29*	**27,363**	22,585
Other payables and accruals	*30*	**22,936**	19,594
Contract liabilities	*32*	**128,270**	28,179
Borrowings	*31*	**30,041**	32,052
Lease liabilities	*19*	**2,868**	3,159
Amounts due to directors	*25*	**–**	–
Payables to related parties	*26*	**–**	–
Convertible bonds – liability component	*33*	**–**	37,187
Convertible bonds – conversion option derivative	*33*	**–**	–
Income tax payable		**32,771**	28,077
Total current liabilities		**244,249**	170,833
Net current assets		**436,216**	410,157
Total assets less current liabilities		**565,772**	545,719

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	*19*	**437**	859
Total non-current liabilities		**437**	859
Net assets		**565,335**	544,860
Equity attributable to owners of the Company			
Share capital	*34*	**72**	72
Reserves	*35*	**563,768**	543,275
		563,840	543,347
Equity attributable to non-controlling interests		**1,495**	1,513
Total equity		**565,335**	544,860

The consolidated financial statements on pages 28 to 34 will be approved and authorised for issue by the Board of Directors on 25 August 2023 and will be signed on its behalf by:

Mr. Liu Jianhui
Executive Director

Mr. Chen Shancheng
Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2023

	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Merger Reserve RMB'000	FVTOCI Reserve RMB'000	Foreign Exchange Reserve RMB'000	Retained Earnings RMB'000	Attributable to Owners of the Company RMB'000	Non-controlling Interests RMB'000	Total Equity RMB'000
(Unaudited)										
As at 1 January 2023	72	323,582	4,457	139,821	–	–	75,415	543,347	1,513	544,860
Profit for the year	–	–	–	–	–	–	20,493	20,493	(18)	20,475
Fair value changes of financial assets at fair value through other comprehensive income included in the total comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	20,493	20,493	(18)	20,475
Transfer from retained earnings to statutory reserve	–	–	710	–	–	–	(710)	–	–	–
Issue of shares *(Note 34(ii))*									–	–
Deemed distributions from shareholders *(Note i)*	–	–	–	–	–	–	–	–	–	–
Issuance of new shares upon listing *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Capitalisation issue *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Expenses of issuance of new shares after listing	–	–	–	–	–	–	–	–	–	–
As at 30 June 2023	72	323,582	5,167	139,821	–	–	95,198	563,840	1,495	565,335
(Unaudited)										
As at 1 January 2022	3	–	1,483	139,821	–	–	10,665	151,972	1,537	153,509
Profit for the year	–	–	–	–	–	–	19,495	19,495	(13)	19,482
Fair value changes of financial assets at fair value through other comprehensive income included in the total comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	19,495	19,495	(13)	19,482
Transfer from retained earnings to statutory reserve	–	–	1,860	–	–	–	(1,860)	–	–	–
Issue of shares *(Note 34(ii))*	1	69,720	–	–	–	–	–	69,721	–	69,721
Deemed distributions from shareholders *(Note i)*	–	1,029	–	–	–	–	–	1,029	–	1,029
Issuance of new shares upon listing *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Capitalisation issue *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Expenses of issuance of new shares after listing	–	–	–	–	–	–	–	–	–	–
As at 30 June 2022	4	70,749	3,343	139,821	–	–	28,300	242,217	1,524	243,741

Notes:

(i) It represents the deemed distributions to the controlling shareholders and the non-controlling interests of the Transferor in relation to the Business Transfer at the date of the Business Transfer (i.e., 1 December 2021).

(ii) Among the capital contributions from beneficial shareholders to subsidiaries, RMB153,000,000 represents the amount which is contributed by Mr. Liu Jianhui ("Mr. Liu"), a director of the Company, for his 1% equity interest in a subsidiary of the Company, namely Beijing Many Idea Cloud Technology Co., Limited.

(iii) The deemed capital contribution is arising from a loan from a shareholder at a below-market rate of interest. The amount represents the difference between the original principal amounts of RMB20,157,000 and the fair value on initial recognition of approximately RMB19,128,000.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Six months ended 30 June 2023

	Notes	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before income tax expense		**23,259**	25,098
Adjustments for:			
Depreciation of property, plant and equipment	*11*	**339**	320
Depreciation of right-of-use assets	*11*	**1,440**	1,438
Amortisation of intangible assets	*11*	**7,501**	6,116
Gain on early termination of lease	*8*	**–**	–
Finance costs	*10*	**443**	5,859
Interest income	*8*	**(398)**	(881)
Provision for impairment loss recognised on trade receivables and other financial assets, net	*11*	**18,469**	16,331
Gain on written-back of trade payables	*9*	**–**	–
Gain on fair value changes of conversion option derivative	*9*	**–**	–
Loss on de-recognition of convertible bonds	*9*	**–**	–
Effect of foreign exchange rate changes		**1,059**	3,335
Operating profits before working capital changes		**52,112**	57,616
Increase in trade receivables		**(29,963)**	(40,184)
Increase in prepayments, deposits and other receivables		**(297,679)**	(9,930)
Decrease/(increase) in contract costs		**(124)**	25
Increase in trade payables		**4,778**	32,181
Increase in other payables and accruals		**3,342**	(2,428)
Increase in contract liabilities		**100,091**	(4,848)
Cash generated from operations		**(167,443)**	32,432
Income tax paid		**(1,229)**	(11,862)
Net cash generated from operating activities		**(168,672)**	20,570
Cash flows from investing activities			
Purchases of property, plant and equipment		**(125)**	(151)
Prepayment of property, plant and equipment		**–**	–
Acquisition of other financial assets		**–**	–
Investment in financial assets at fair value through other comprehensive income		**(10)**	–
Purchases of intangible assets		**–**	(8,491)
Decrease in short-term deposits		**–**	–
Interest received		**398**	881
Net cash (used in)/generated from investing activities		**263**	(7,761)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Six months ended 30 June 2023

	Notes	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from financing activities			
Proceeds from bank borrowings	*42*	30,000	22,000
Repayment of bank borrowings	*42*	(32,000)	–
Proceeds from loan from third parties	*42*	–	101,320
Repayment of loan from third parties	*42*	–	(101,320)
Proceeds from loan from a shareholder	*42*	–	19,050
Repayment of loan from a shareholder	*42*	–	–
Proceeds from issuance of convertible bonds	*42*	–	43,593
Repayment of convertible bonds	*42*	(33,813)	–
Repayment of principal portion of the lease liabilities	*42*	(713)	(577)
Payment of share issuance costs		–	–
Advances from a director	*42*	–	2
Repayment to a director	*42*	–	–
Capital contributions from a beneficial shareholder to a subsidiary		–	–
Settlement of consideration arise from business transfer	*42*	–	(130,293)
Proceeds from issue of new ordinary shares		–	69,721
Interest paid	*42*	(3,828)	(1,034)
Net cash generated from/(used in) financing activities		(40,354)	22,458
Net increase in cash and cash equivalents		(208,763)	35,267
Cash and cash equivalents at the beginning of year		329,188	50,187
Effect of foreign exchange rate changes on cash and cash equivalents		(1,059)	(114)
Cash and cash equivalents at the end of year		119,366	85,340
Analysis of the balances of cash and cash equivalents:			
Cash and bank balances		119,366	85,340

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2023

1. GENERAL INFORMATION

(a) General information

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

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Definition of Accounting Estimates
Amendments to HKAS 8	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Disclosure of Accounting Policies

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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

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

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

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

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

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

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

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

Amendments to HKAS 1, Non-current Liabilities with Covenants

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements. The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

Except for the merger accounting for the Group Reorganisation described above, the acquisition method of accounting is used for all other acquisitions of subsidiaries or businesses.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary are the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights.

In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

Owned Assets

Leasehold improvement	The shorter of 3 years or period of the related lease
Furniture and equipment	20%–33.33%
Motor vehicles	12.5%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Intangible assets (other than goodwill)

(i) Intangible assets acquired separately and in a business combination

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The management determines the estimated useful lives and related amortisation for the intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets.

The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives. The principal annual rates are as follows:

Computer software	10%–33.33%
Licenses	Over the term of licence agreement

SaaS related software acquired in the course of business operation is recognised as computer software. The SaaS related software has a finite useful life that is dependent on the SaaS interactive marketing business of the Group and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of the SaaS related software, which is estimated to be 10 years. The expected useful life is determined based on management's best estimate of the total period from which the benefits will be derived from the SaaS related software and will reflect the consumption of future economic benefits from the SaaS related software in the Group's SaaS interactive marketing business, taking into account (1) the typical term of the service contracts; (2) the business expansion plan of SaaS interactive marketing business formulated by the management; (3) the capability and functionality of the SaaS related software; and (4) technological obsolescence.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Intangible assets (other than goodwill) (Continued)

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(iv) Impairment of intangible assets

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments

(i) Financial asset

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVTOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(i) Financial asset (Continued)

Debt instruments (Continued)

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, other financial assets measured at amortised cost and debt investments measured at FVTOCI. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within 12 months after the reporting date; and (2) Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in “FVTOCI reserve (recycling)”.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible bonds

Convertible notes issued by the Company that contain the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. For conversion option classified as an equity instrument, the difference between the proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes equity reserve). For conversion option classified as derivative, it is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan equity reserve will be transferred to share capital).

Where the option remains unexercised at the expiry dates, the balance stated in convertible loan notes equity reserve will be released to the retained earnings. No gain or loss is recognised upon conversion or expiration of the option. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(iv) Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and conversion option components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity and relating to conversion option derivative is recognised to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instrument

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in Note 4(f)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(viii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(f) Leases

The Group as lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the underlying assets.

Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as lessee (Continued)

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease. In all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for Covid-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

(g) Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign currencies (Continued)

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of each reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of each reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Pursuant to the relevant regulations of the PRC government, the Group participants in a central pension scheme operated by the local municipal government (the "Scheme"), whereby the subsidiaries of the Company in PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is calculated after deduction of any trade discounts.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition (Continued)

(i) Revenue from content marketing services

Content marketing is a form of customers' demand-oriented strategic marketing approach, focused on brand display through self-developed or proxy intellectual properties.

The Group recognises revenue from content marketing services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

(ii) Revenue from digital marketing services

Digital marketing is a form of marketing strategy that utilises internet and online based digital technologies to promote customers' product and service.

The Group recognises revenue from content marketing services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

(iii) Revenue from public relations event planning services

Public relations event planning services is a comprehensive service delivered by the Group from concept creation, venue decoration, stage design, audiovisual and lighting set up and all kinds of entertainment and performance production.

The Group recognises revenue from public relations event planning services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

(iv) Revenue from media advertising services

The Group recognises revenue from media advertising services over the period that the related services are rendered using the output method, as the customer simultaneously received and consumes the benefits provided by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition (Continued)

(v) Revenue from SaaS interactive marketing services

The Group offers SaaS interactive marketing services which is a cloud-based software and related services to the customers. Revenue from SaaS interactive marketing services includes fixed subscription fees and revenue from customisation for SaaS-related services.

Fixed subscription fees are generally recognised over time on a systematic basis over the contract term beginning on the date that the service is made available to customer.

The Group recognises revenue from customisation for SaaS-related services at the time when the control of customised product are transferred.

(vi) Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Contractual assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition (Continued)

(vi) Interest income (Continued)

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

(j) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets; and
- prepayment under non-current assets.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management services to the group or to the Company's parent.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(p) Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expenses when incurred.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying accounting policies

(i) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the group entities, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Key sources of estimation uncertainty

(i) Useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated. It will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic view could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(ii) Impairment of trade receivables, deposits and other receivables and other financial assets

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, including the economic downturn and uncertainties that have arisen as a result of COVID-19 pandemic, have made these estimates more judgemental, in which can result in different levels of allowances.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

(iii) Fair value of convertible bonds

The fair value measurement of convertible bonds were categorised within Level 3 of the fair value hierarchy, which required significant judgments and estimates by considering factors including, but not limited to risk free rate, other risk premium, discount rate etc. The fair value of the convertible bonds will be revised upward or downward where factors are different from previous. The fair value of the convertible bonds and corresponding significant unobservable input of the valuation are disclosed in Note 40(f).

(iv) Estimated incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(b) Key sources of estimation uncertainty (Continued)

(v) Income tax and deferred tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

(vi) Useful lives of intangible assets

The Group's management determines the estimated useful lives and related amortisation charges for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortisation charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore amortisation expense in future periods.

(vii) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are tested for impairment when indicators exist. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount being fair value less costs of disposal or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

6. SEGMENT INFORMATION

Operating segments

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

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

Geographical information

Substantially all of the Group's revenues from external customers during the years ended 30 June 2023 and the six months ended 30 June 2022 were attributed to the PRC, and the related activities of the Group that generated the relevant revenue were conducted in the PRC.

The geographical location of non-current assets (excluding deferred tax assets and financial assets) is based on the physical location of the assets. For the years ended 30 June 2023 and the six months ended 30 June 2022, all of the Group's non-current assets (excluding deferred tax assets and financial assets) are located in the PRC.

Information about major customers

As at 30 June 2023 and the six months ended 30 June 2022, the Group's customers accounting for 10% or more of its total revenue are as follows:

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**48,985**	N/A
Customer B	**35,546**	N/A
Customer C	**33,392**	N/A
Customer D	**N/A**	23,617
Customer E	**N/A**	20,314

7. REVENUE

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

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Integrated Marketing Services		
– Content marketing services	**130,142**	102,617
– Digital marketing services	**91,896**	47,713
– Public relations event planning services	**7,825**	5,659
– Media advertising services	**37,250**	25,779
	267,113	181,768
SaaS Interactive Marketing Services	**20,494**	16,588
	287,607	198,356
Timing of revenue recognition		
At a point in time	**9,700**	14,935
Transferred over time	**277,907**	183,421

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

8. OTHER REVENUE

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants *(Note i)*	**2,295**	941
Bank interest income	**398**	881
Interest income on other financial assets	**–**	–
Additional value-added tax ("VAT") input deduction *(Note ii)*	**1,420**	1,363
Gain on early termination of lease	**–**	–
Others	**1**	–
	4,114	3,185

Notes:

(i) Government grants mainly represent grants received from the PRC local government authority as subsidies to the Group for:

(a) enhancement of high quality development in culture and creative industries; and

(b) sustainable business development with high technology and advanced technology.

(ii) Additional VAT input deductions were recognised in profit or loss due to the VAT reform. In accordance with VAT Reformation Article No. 39, the Group is eligible for VAT credits of 10% weighted VAT input deduction from 1 April 2019 to 31 December 2022 upon meeting all applicable criteria; According to Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration, the Group is eligible for VAT credit with a weighted deduction of 5% on VAT input from 1 January 2023 to 31 December 2023.

9. OTHER GAINS AND LOSSES

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net exchange losses	**(1,059)**	(3,356)
Gain on fair value changes on convertible bond – conversion option derivative *(Note 33)*	**–**	760
	(1,059)	(2,596)

10. FINANCE COSTS

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	**845**	141
Interest expenses on loan from third parties	**–**	758
Interest expenses on loan from a shareholder	**–**	1,461
Imputed interest expenses on convertible bonds *(Note 33)*	**(645)**	3,335
Interest expenses on lease liabilities *(Note 19)*	**92**	164
Others	**151**	–
	443	5,859

11. PROFIT BEFORE INCOME TAX EXPENSE

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

	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Auditors' remuneration	–	–
Amortisation of intangible assets included in *(Note 20)*:		
– Administrative expenses	19	14
– Cost of revenue	6,336	5,575
– Selling and marketing expenses	41	31
– Research and development costs	1,105	495
	7,501	6,115
Cost of revenue *(Note)*	232,942	133,254
Cost of inventories recognised as expenses	1,668	2,459
Depreciation charged:		
– Property, plant and equipment *(Note 18)*	339	320
– Right-of-use assets *(Note 19)*	1,440	1,439
Employee costs *(Note 12)*	11,285	11,880
Listing expenses	–	5,240
Provision of impairment loss recognised on trade receivables, net *(Note 22)*	18,469	16,331
Provision of impairment loss recognised on other financial assets *(Note 21)*	–	–
	18,469	16,331
Research costs	3,941	4,783
Short-term leases expenses	818	619

Note: Cost of revenue includes RMB3,267,000 (2022: RMB3,448,000) of employee costs, RMB759,000 (2022: RMB578,000) of short-term leases expenses, RMB1,668,000 (2022: RMB2,459,000) of costs of inventories recognised as expenses, which are also included in the respective total amounts disclosed above for each of these types of expenses respectively.

12. EMPLOYEE COSTS

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee costs (including directors' emoluments *(Note 14)*) comprise:		
Wages and salaries	**10,265**	10,788
Contributions to retirement benefits scheme	**916**	951
Other employee benefits	**104**	141
	11,285	11,880

13. RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT

(i) Directors' remuneration

Directors' remuneration disclosed pursuant to the Listing Rules and section 78(1) of Schedule 11 to the Hong Kong Companies Ordinance, Cap. 622 as follows:

		As of the six months ended 30 June 2023 (Unaudited)			
	Notes	Fees RMB'000	Salaries, Allowances and Benefits in Kind RMB'000	Contributions to Retirement Benefits Scheme RMB'000	Total Emoluments RMB'000
Executive Directors					
Mr. Liu		–	423	58	481
Ms. Qu Shuo		–	390	7	397
Ms. Huang Tingting	*(v)*	–	91	3	94
Mr. Chen Shancheng		–	396	6	402
Mr. Chen Zeming		–	143	6	149
		–	1,443	80	1,523
Independent Non-executive Directors					
Ms. Wang Yingbin	*(i)*	75	–	–	75
Ms. Wong Yan Ki, Angel	*(ii)*	90	–	–	90
Mr. Tian Tao	*(iii)*	75	–	–	75
Ms. Xiao Huilin	*(iv)*	56	–	–	56
		296	–	–	296
		296	1,443	80	1,819

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT (Continued)

(i) Directors' remuneration (Continued)

	Notes	Fees RMB'000	Salaries, Allowances and Benefits in Kind RMB'000	Contributions to Retirement Benefits Scheme RMB'000	Total Emoluments RMB'000
		As of the six months ended 30 June 2022 (Unaudited)			
Executive Directors					
Mr. Liu		–	423	58	481
Ms. Qu Shuo		–	300	7	307
Ms. Huang Tingting	*(v)*	–	296	6	302
Mr. Chen Shancheng		–	395	6	401
Mr. Chen Zeming		–	149	6	155
		–	1,563	83	1,646
Independent Non-executive Directors					
Ms. Wang Yingbin	*(i)*	–	–	–	–
Ms. Wong Yan Ki, Angel	*(ii)*	–	–	–	–
Mr. Tian Tao	*(iii)*	–	–	–	–
Ms. Xiao Huilin	*(iv)*	–	–	–	–
		–	1,563	83	1,646

Notes:

(i) Ms. Wang Yingbin was appointed as an independent non-executive director on 12 October 2022.

(ii) Ms. Wong Yan Ki, Angel was appointed as an independent non-executive director on 12 October 2022.

(iii) Mr. Tian Tao was appointed as an independent non-executive director on 12 October 2022.

(iv) Ms. Xiao Huilin was appointed as an independent non-executive director on 15 February 2023.

(v) Ms. Huang Tingting was resigned as an executive director on 29 March 2023.

During the years ended 30 June 2023 and 2022, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT (Continued)

(ii) Five highest paid individuals

The five highest paid individuals of the Group included three directors (2022: four) whose emoluments are reflected in Note 14(i).

The analysis of the emolument of the remaining two highest paid individuals (2022: one) is set out below:

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	**409**	260
Contributions to retirement benefits scheme	**12**	6
	421	266

The number of non-director highest paid individuals whose remuneration fell within the following band is as follows:

	As of the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Nil to HKD1,000,000	**2**	1

None (2022: none) of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT (Continued)

(iii) Senior management emolument band

The number of senior management whose remuneration fell within the following band is as follows:

	As of the six months ended 30 June 2023 (Unaudited)	2022 (Unaudited)
Nil to HKD1,000,000	**3**	3

15. INCOME TAX EXPENSE

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

	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax – PRC Enterprise Income Tax (the "PRC EIT")		
For the year	**5,898**	9,692
Under-provision in prior years	**25**	36
Deferred tax *(Note 28)*		
For the year	**(3,139)**	(4,112)
Income tax expense	**2,784**	5,616

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

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

15. INCOME TAX EXPENSE (Continued)

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

According to "Notice of the Ministry of Finance and the State Taxation Administration on Preferential Enterprise Income Tax Policies for Special Economic Development Zones of Kashgar and Khorgos in Xinjiang" (the "Notice" for short), a subsidiary of the Group located in Xinjiang, the PRC was entitled to the exemption from the EIT for 5 years since its operation in 2022. According to the approval from the PRC government, this exemption will end on 31 December 2027.

According to "Announcement of Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China", a subsidiary of the Group, located in Xinjiang and not subjected to the exemption from the EIT According to the "Notice", was entitled to a preferential tax rate of 15% since 1 January 2021.

According to "Announcement on the Implementation of Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households", since 1 January 2022, for certain subsidiaries of the Group located in the PRC, if their annual taxable profits do not exceed RMB1 million, only 12.5% of such amount is taxable at a tax rate of 20%; while if their annual taxable profits do exceed RMB1 million but less than RMB3 million, only 25% of such amount is taxable with a tax rate of 20%. However, if their annual taxable profits do exceed RMB3 million, the whole amount will be taxable at the tax rate of 25%.

According to Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration, small low-profit enterprises with an annual taxable income not exceeding RMB1 million shall be included in the taxable income at a reduced rate of 25% and pay EIT at the rate of 20%.

According to "Notice on Preferential Corporate Income Tax Policy of Hainan Free Trade Port", a subsidiary of the Group located in Hainan, the PRC was entitled to a preferential tax rate of 15%.

The weighted average applicable tax rate was 11.97% (2022: 22.38%).

16. DIVIDENDS

There were no dividends paid or declared by the Company for the six months ended 30 June 2023 and 2022.

17. EARNINGS PER SHARE

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

	As of the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Profit for the year attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share (RMB'000)	**20,493**	19,495
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	**800,000,000**	638,597,088
Basic and diluted earnings per share (RMB)	**0.026**	0.031

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

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

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 30 June 2023 is based on the below:

(a) Weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 30 June 2022 is 637,538,159 (including Capitalisation Issue of 595,244,490, 1 share issued at the date of incorporation of the Company and 42,293,668 ordinary shares issued on 16 November 2021);

(b) 2,461,841 ordinary shares issued on 24 January 2022;

(c) The shares of the Company were listed on the HKEx on 9 November 2022, whereby 160,000,000 new shares were issued by the Company.

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2023 and 2022.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement RMB'000	Furniture and Equipment RMB'000	Motor Vehicles RMB'000	Total RMB'000
(Unaudited)				
Cost				
As at 1 January 2022	5,762	2,161	1,913	9,836
Additions	–	233	–	233
As at 31 December 2022	5,762	2,394	1,913	10,069
Additions	–	125	–	125
As at 30 June 2023	**5,762**	**2,519**	**1,913**	**10,194**
Accumulated depreciation and impairment				
As at 1 January 2022	5,115	1,737	1,025	7,877
Charged during the year	242	188	231	661
As at 31 December 2022	5,357	1,925	1,256	8,538
Charged during the year	123	101	115	339
As at 30 June 2023	5,480	2,026	1,371	8,877
Net book value				
As at 30 June 2023	**282**	**493**	**542**	**1,317**
As at 31 December 2022	405	469	657	1,531

19. LEASES

Right-of-use assets

	Total RMB'000 (Unaudited)
As at 1 January 2022	7,277
Commencement of lease	13
Depreciation for the year	(2,879)
As at 31 December 2022 and 1 January 2023	4,411
Commencement of lease	**–**
Depreciation for the year	**(1,440)**
As at 30 June 2023	**2,971**

Lease liabilities

	Total RMB'000 (Unaudited)
As at 1 January 2022	6,925
Commencement of lease	13
Interest expenses	273
Lease payments	(3,193)
As at 31 December 2022 and 1 January 2023	4,018
Commencement of lease	**–**
Interest expenses	**92**
Lease payments	**(805)**
As at 30 June 2023	**3,305**

20. INTANGIBLE ASSETS

	Computer RMB'000 (Unaudited)	Software Licenses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Cost			
As at 1 January 2022	71,221	23,321	94,542
Additions			
– Externally acquired	31,682	–	31,682
As at 31 December 2022 and 1 January 2023	102,903	23,321	126,224
Additions			
– Externally acquired	–	–	–
As at 30 June 2023	**102,903**	**23,321**	**126,224**
Accumulated amortisation and impairment			
As at 1 January 2022	4,211	2,721	6,932
Charged during the year	8,494	4,664	13,158
As at 31 December 2022 and 1 January 2023	12,705	7,385	20,090
Charged during the year	5,169	2,332	7,501
As at 30 June 2023	**17,874**	**9,717**	**27,591**
Net book value			
As at 30 June 2023	**85,029**	**13,604**	**98,633**
As at 31 December 2022	90,198	15,936	106,134

The Group's computer software with a carrying amount of RMB85,029,000 (31 December 2022: RMB90,198,000) will be fully amortised in 9.43 years (31 December 2022: 9.92 years).

The Group's licenses with a carrying amount of RMB13,604,000 (31 December 2022: RMB15,936,000) will be fully amortised in 2.92 years (31 December 2022: 3.42 years).

21. OTHER FINANCIAL ASSETS

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other financial assets		
Not past due	**17,900**	–
	17,900	–
Less: Provision for impairment loss recognised	**(510)**	–
	17,390	–

As at 30 June 2023, other financial assets include capital-protected fund investment with a fixed interest rate of 5.50% (2022: n/a) per annum, with a one-year lockup period since acquisition.

As of the six months ended 30 June 2023, ECL allowances on other financial assets of RMB0,000 were recognised (2022: nil) in the consolidated statement of profit or loss.

22. TRADE RECEIVABLES

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	**231,261**	201,298
Less: Provision for impairment loss recognised	**(64,190)**	(45,721)
	167,071	155,577

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

22. TRADE RECEIVABLES (Continued)

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
1 to 6 months	116,638	123,725
More than 6 months but less than 12 months	49,589	27,702
More than 1 year but less than 2 years	46,967	37,024
More than 2 years	18,067	12,847
	231,261	201,298

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
At the beginning of the year	45,721	21,387
Provision for impairment loss on trade receivables, net *(Note 11)*	18,469	24,334
	64,190	45,721

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 40(a).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current			
Prepayments		364,739	70,149
Deposits		725	512
Value added tax recoverable		10,859	7,222
Interest receivables		70	753
Other receivables	*a*	80	158
		376,473	78,794
Non-current			
Deposits		250	250
Prepayments for property, plant and equipment		13,400	13,400
		13,650	13,650
		390,123	92,444

Note:

Prepayments, deposits and other receivables were primarily denominated in RMB and their carrying amounts approximated to their fair values due to their short maturity at the reporting date. For the six months ended 30 June 2023 and the year ended 31 December 2022, there was no provision for impairment on deposits and other receivables.

(a) Other receivables as at 30 June 2023 and 31 December 2022 related to counterparties without a recent history of default and past due amounts, and the loss allowance was assessed by management to be minimal. These balances are non-interest bearing and are expected to be realised upon their respective maturity dates.

24. CONTRACT COSTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contract costs	**165**	41

Contract costs capitalised as at 30 June 2023 and 31 December 2022 are related to costs to fulfil contracts, resulting from customers entering into service agreements with the Group. Contract costs are recognised as part of the "cost of revenue" in the profit or loss in the period in which revenue from the services is recognised. The balance of capitalised contract costs is expected to be realised within one year.

25. AMOUNT DUE TO A DIRECTOR

The amount due to a director was non-trade in nature, unsecured, interest-free and repayable on demand.

26. AMOUNTS DUE TO RELATED PARTIES

The amounts due to related parties were non-trade in nature, unsecured, interest-free and repayable on demand.

27. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash and bank balances	**119,366**	329,188

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

28. DEFERRED TAX ASSETS

	Allowance for Expected Credit Loss RMB'000	Total RMB'000
(Audited)		
As at 1 January 2022	4,881	4,881
Credited to profit or loss for the year *(Note 15)*	4,955	4,955
On 31 December 2022 and 1 January 2023	9,836	9,836
(Unaudited)		
Credited to profit or loss for the year *(Note 15)*	3,139	3,139
On 30 June 2023	**12,975**	**12,975**

(a) The unused tax losses carried forward not recognised in the consolidated financial statements due to the unpredictability of future profit streams are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Unused tax losses	**6,904**	3,208

Tax losses in the PRC can only be carried forward for a maximum period of five years. The expiry of unused tax losses for which no deferred tax assets have been recognised is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Tax losses will expire in 2022	**–**	–
Tax losses will expire in 2023	**1**	1
Tax losses will expire in 2024	**4**	4
Tax losses will expire in 2025	**5**	5
Tax losses will expire in 2026	**308**	308
Tax losses will expire in 2027	**2,768**	2,890
Tax losses will expire in 2028	**3,818**	–
	6,904	3,208

28. DEFERRED TAX ASSETS (Continued)

(b) PRC withholding income tax is applicable to interest and dividends payable to investors that are "non-tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but have no relevant income effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to off-shore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. For the Group, the applicable tax rate is 10%. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB149,689,000 (31 December 2022: RMB128,597,000).

The Board of Directors of the Company affirms that the undistributed earnings of the PRC subsidiaries as of 30 June 2023 and 31 December 2022 will be reserved for the expansion of operations. Consequently, the Group has not provided for the deferred tax liabilities in respect of withholding tax on the remaining undistributed earnings of the Group's PRC entities as the Group is capable of controlling the timing of the reversal of such temporary difference, and it is highly likely that such temporary difference would not be reversed in the foreseeable future.

29. TRADE PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables *(Note (a))*	**27,363**	22,585

Note:

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	**26,247**	16,423
More than 6 months but less than 12 months	**237**	400
More than 1 year but less than 2 years	**216**	5,100
More than 2 years	**663**	662
	27,363	22,585

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

30. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Accrued salaries	2,284	2,863
Accrued expenses	3,695	2,156
Accrued listing expenses	–	1,553
Other tax payables	16,957	13,022
	22,936	19,594

Other payables and accruals are non-interest bearing and are expected to be realised within twelve months from the end of the reporting period.

31. BORROWINGS

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current			
Bank loans, secured	*a*	–	17,031
Bank loans, unsecured	*b*	30,041	15,021
		30,041	32,052
Effective interest rate per annum		4.50%-5.05%	4.5%-6.2%

Notes:

(a) The bank loans are secured by a corporate guarantee given by a subsidiary of the Company, Xiamen Instant Interactive Co., Ltd. and certain trade receivables of the Group and are denominated in RMB.

(b) The bank loan is unsecured and denominated in RMB.

31. BORROWINGS (Continued)

At the end of the reporting period, total current borrowings are scheduled to be repaid as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
On demand or within one year	**30,041**	32,052

32. CONTRACT LIABILITIES

The contract liabilities mainly relate to the advance consideration received from customers. The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the reporting period:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Revenue recognised that was included in contract liabilities at the beginning of the year	**22,091**	15,465

Movement in contract liabilities:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
At the beginning of the year	**(28,179)**	(15,493)
Revenue recognised that was included in contract liabilities at the beginning of the year	**22,091**	15,465
Increase due to cash received, including amounts recognised as revenue during the year	**(191,823)**	(129,636)
Revenue recognised that was not included in contract liabilities at the beginning of the year	**69,641**	101,485
At the end of the year	**(128,270)**	(28,179)

33. CONVERTIBLE BONDS

As at 30 June 2023, the Company issued convertible bond 1 ("CB 1"), convertible bond 2 ("CB 2"), convertible bond 3 ("CB 3") and convertible bond 4 ("CB 4").

CB 1

On 26 January 2022, the Company issued 8% convertible bonds with an aggregate principal amount of USD5,000,000 (equivalent to approximately RMB31,750,000). Each bond entitles the holder to convert them into the Company's ordinary share at a conversion price of USD4.4569 per share, which is subject to adjustment on the capitalisation issue of the Company. The Company fully repaid the principal amount and interest in January 2023.

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

CB 2

On 26 January 2022, the Company issued 8% convertible bonds with an aggregate principal amount of USD 1,000,000 (equivalent to approximately RMB6,350,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of USD 4.4569 per share (subject to adjustment on capitalisation issue of the Company) and matured on 25 January 2023.

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

The CB 2 was early redeemed on 15 November 2022.

CB 3

On 24 January 2022, the Company issued 8% convertible bonds with an aggregate principal amount of USD 600,000 (equivalent to approximately RMB3,810,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of USD 4.4682 per share (subject to adjustment on capitalisation issue of the Company) and matured on 23 January 2023.

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

The CB 3 was early redeemed on 16 November 2022.

33. CONVERTIBLE BONDS (Continued)

CB 4

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

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

The CB 4 was early redeemed on 24 November 2022.

CB 1, CB 2, CB 3 and CB 4 ("All CBs")

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

In the event that the Pre-listing Conversion Event does not take place and the Listing becomes unconditional ("Post-Listing Conversion Event"), together with the Pre-Listing Conversion Event, which is called the ("Conversion Event"). The holders of All CBs can convert the whole of the principal amount of the CBs into shares of the Company at the corresponding conversion prices.

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

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

33. CONVERTIBLE BONDS (Continued)

CB 1, CB 2, CB 3 and CB 4 ("All CBs") (Continued)

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

	Liability Component RMB'000	Conversion Option Derivative RMB'000	Total RMB'000
(Audited)			
As at 1 January 2022	–	–	–
Convertible bonds issued	40,511	3,841	44,352
Imputed interests *(Note 10)*	6,689	–	6,689
Gain on fair value changes on convertible bond – conversion option derivative *(Note 9)*	–	(3,841)	(3,841)
De-recognition of convertible bonds on early redemption	(13,996)	–	(13,996)
Loss on de-recognition of convertible bonds *(Note 9)*	230	–	230
Interest paid	(898)	–	(898)
Exchange difference	4,651	–	4,651
On 31 December 2022 and 1 January 2023	37,187	–	37,187
(Unaudited)			
Convertible bonds issued	–	–	–
Imputed interests *(Note 10)*	(645)	–	(645)
Gain on fair value changes on convertible bond – conversion option derivative *(Note 9)*	–	–	–
De-recognition of convertible bonds on early redemption	(33,813)	–	(33,813)
Loss on de-recognition of convertible bonds *(Note 9)*	–	–	–
Interest paid	(2,729)	–	(2,729)
Exchange difference	–	–	–
As at 30 June 2023	–	–	–

Further details on the Group's fair value measurement are set out in Note 40(f).

34. SHARE CAPITAL

	Number	Amount HKD'000	Amount RMB'000
Ordinary shares of par value of HKD 0.0001 each			
Authorised			
31 December 2021 and 1 January 2022 *(Note (i))*	3,900,000,000	390	337
Increase in authorised share capital *(Note (iv))*	6,100,000,000	610	550
On 31 December 2022 and 1 January 2023	10,000,000,000	1,000	887
Increase in authorised share capital	–	–	–
On 30 June 2023	**10,000,000,000**	**1,000**	**887**
Issued and fully paid			
As at 31 December 2021 and 1 January 2022	42,293,669	4	3
Issue of shares *(Note (ii))*	2,461,841	*	1
Issuance of shares upon listing *(Note (iii))*	160,000,000	16	14
Issuance shares for Capitalisation Issue *(Note (iii))*	595,244,490	60	54
On 31 December 2022 and 1 January 2023	800,000,000	80	72
Issue of shares	–	–	–
Issuance shares for Capitalisation Issue	–	–	–
On 30 June 2023	**800,000,000**	**80**	**72**

* Represents amount less than HKD 1,000

Notes:

(i) The Company was incorporated in the Cayman Islands under the *Companies Act* as an exempted company with limited liability on 10 June 2021 with authorised share capital of HKD 390,000 divided into 3,900,000,000 shares of HKD 0.0001 each. On the date of incorporation, 1 ordinary share of HKD 0.0001 was allotted and issued at par by the Company.

(ii) Pursuant to the resolution of the shareholders, the Company allotted and issued 42,293,668 and 2,461,841 ordinary shares of HKD0.0001 each at par and at USD4.47 (equivalent to approximately RMB28.37), respectively on 16 November 2021 and 24 January 2022.

34. SHARE CAPITAL (Continued)

Notes: (Continued)

(iii) In connection with the Company's issuance of new shares upon Listing, the Company allotted and issued 160,000,000 shares of HKD0.0001 each at a price of HKD1.96 per share on 9 November 2022 as a result of the completion of Listing. The gross proceeds from the issuance of new shares of approximately RMB282,632,000 (equivalent to approximately HKD313,600,000), of which approximately RMB14,000 (equivalent to approximately HKD16,000) was credited to the Company's share capital, and the remaining balance of approximately RMB282,618,000 (equivalent to approximately HKD313,584,000) before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for the deduction of share issuance expenses. After the share premium account of the Company was credited as a result of the issuance of new shares upon listing, RMB54,000 (equivalent to approximately HKD60,000) was capitalised from the share premium account and applied in paying up in full at par 595,244,490 new shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 9 November 2022 in proportion to their respective shareholdings ("Capitalisation Issue").

(iv) On 12 October 2022, the authorised share capital of the Company was increased from HKD390,000 divided into 3,900,000,000 shares to HKD1,000,000 divided into 10,000,000,000 shares by the creation of additional 6,100,000,000 shares which rank pari passu in all respects.

35. RESERVES

(a) The Group

Details of the movements in the reserves of the Group during the reporting period are set out in the consolidated statement of changes in equity.

(b) The Company

	Share Premium RMB'000 (Unaudited)	Accumulated Losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 1 January 2023	**323,582**	**(33,886)**	**289,696**
Loss for the year	**–**	**(1,781)**	**(1,781)**
As at 30 June 2023	**323,582**	**(35,667)**	**287,915**
As at 1 January 2022	–	–	–
Issue of shares	69,720	–	69,720
Deemed capital contribution	1,029	–	1,029
Loss for the year	–	(8,587)	(8,587)
As at 30 June 2022	70,749	(8,587)	62,162

35. RESERVES (Continued)

(c) The following describes the nature and purpose of each reserve within owners' equity:

Reserves	Description and Purpose
Share premium	Share premium represents consideration received in excess of the nominal value of the Company's share and deemed capital contribution from shareholders.
Statutory Reserve	In accordance with the relevant PRC laws and regulations and articles of association, the PRC subsidiaries are required to transfer 10% of their net profit as determined in accordance with accounting rules and regulations to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity shareholders. This reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in the event of liquidation.
Merger Reserve	It represents the difference between the nominal value of shares issued by the Company and the aggregate fully paid registered capital of PRC subsidiaries acquired pursuant to the Group Reorganisation and additional capital contribution from controlling shareholders.
FVTOCI reserve (non-recycling)	The balance represents the fair value reserve comprising the cumulative net change in the fair value of equity investment designated at FVTOCI under HKFRS 9 that is held at the end of the reporting period.
Retained earnings/(accumulated losses)	The balance represents cumulative net profit and loss recognised in profit and loss.

36. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Non-current assets			
Interests in Subsidiaries		**–**	–*
Amounts Due from Subsidiaries		**259,146**	298,266
Prepayments, deposits and other receivables		**5**	–
Prepayments for property, plant and equipment		**13,400**	13,400
Total non-current assets		**272,551**	311,666
Current assets			
Other financial assets		**17,390**	17,390
Other receivables		**70**	70
Cash and cash equivalents		**819**	404
Total current assets		**18,279**	17,864
Total assets		**290,830**	329,530
Current liabilities			
Convertible bonds – liability component		**–**	37,187
Convertible bonds – conversion option derivative		**–**	–
Other payables and accruals		**2,843**	2,576
Total current liabilities		**2,843**	39,763
Net current liabilities		**15,436**	(21,899)
Total assets minus total current liabilities		**287,987**	289,767
Net assets		**287,987**	289,767
Owners' Interests of the Company			
Share capital	*34*	**72**	72
Reserves	*35*	**287,915**	289,695
Total equity		**287,987**	289,767

* Refers to the amount less than RMB1,000

Mr. Liu Jianhui
Executive Director

Mr. Chen Shancheng
Executive Director

37. DETAILS OF MAJOR SUBSIDIARIES

Name of Subsidiary	Registration, Place and Date of Establishment, and Form of Business Structure	Percentage of the Company's Stock Rights				Issued and Fully Paid Ordinary Share Capital or Registered Capital	Principal Business and Principal Place of Business
		2023		2022			
		Direct	Indirect	Direct	Indirect		
Many Idea Interactive Limited (Many Idea BVI)	British Virgin Islands (BVI), 9 July 2021	-	100%	–	100%	Issued and paid share capital: USD1	Investment holding, the British Virgin Islands
Many Idea Interactive Technology (Hong Kong) Limited (Many Idea Hong Kong)	Hong Kong, 26 July 2021, limited liability company	-	100%	–	100%	Issued and paid share capital HKD1	Investment holding, Hong Kong
Xiamen Many Idea Interactive Cloud Technology Co., Ltd.* (Xiamen Many Idea Cloud)	China, 26 November 2021, limited liability company	-	100%	–	100%	Registered capital: RMB200,000,000	Investment holding, China
Xiamen Instant Interactive Culture Communication Co., Ltd. (Xiamen Instant Interactive)	China, 11 May 2021, limited liability company	-	100%	–	100%	Registered capital: RMB300,000,000	Provide content marketing service, digital marketing service, public relations activity planning service, and media advertising service in China
Beijing Many Idea Cloud Technology Co., Ltd.* (Beijing Many Idea Cloud)	China, 24 November 2021, limited liability company	-	99%	–	99%	Registered capital: RMB1,000,000	Investment holding, China
Shanghai Senyu Advertising Co., Ltd.* (Shanghai Senyu)	China, 12 December 2012, limited liability company	-	100%	–	100%	Registered capital: RMB30,000,000	Inactive
Jiangxi Meita Culture Communication Co., Ltd.* (Jiangxi Meita)	China, 6 June 2016, limited liability company	-	100%	–	100%	Registered capital and paid share capital: RMB15,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Xiamen Second Future Technology Co., Ltd.* (Xiamen Second Future)	China, 14 July 2016, limited liability company	-	100%	–	100%	Registered capital: RMB150,000,000	Provide content marketing service, digital marketing service, public relations event planning service, media advertising service, and SaaS interactive marketing service in China

37. DETAILS OF MAJOR SUBSIDIARIES (Continued)

Name of Subsidiary	Registration, Place and Date of Establishment, and Form of Business Structure	Percentage of the Company's Stock Rights				Issued and Fully Paid Ordinary Share Capital or Registered Capital	Principal Business and Principal Place of Business
		2023		2022			
		Direct	Indirect	Direct	Indirect		
Xinjiang Kashi Lianjie Culture Communication Co., Ltd.* (Xinjiang Kashi)	China, 5 April 2016, limited liability company	–	100%	–	100%	Registered capital and paid share capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Quanzhou Many Idea Interactive Culture Communication Co., Ltd.* (Quanzhou Many Idea)	China, 2 July 2018, limited liability company	–	100%	–	100%	Registered capital and paid share capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Hainan Many Idea Future Culture Communication Co., Ltd.* (Hainan Many Idea)	China, 19 March 2021, limited liability company	–	100%	–	100%	Registered capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Xinjiang Many Idea Cloud Culture Communication Co., Ltd.* (Xinjiang Many Idea Cloud)	China, 9 May 2022, limited liability company	–	100%	–	100%	Registered capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Xiamen Kanhao Network Technology Co., Ltd.* (Xiamen Kanhao)	China, 27 March 2023, limited liability company	–	100%	–	–	Registered capital: RMB10,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China

* The English name of the subsidiary is a literal translation of its corresponding official Chinese name.

38. DEEMED DISTRIBUTION OF ASSETS TO AND ASSUMPTION OF LIABILITIES BY CONTROLLING SHAREHOLDERS

Pursuant to the business transfer agreement entered into between Xiamen Many Idea and Beijing Many Idea (collectively referred to as the "Transferor") and Xiamen Instant Interactive (as the "Transferee") on 30 November 2021, as part of the Group Reorganisation (the "Business Transfer"), the integrated marketing services business (including content marketing, digital marketing, public relations event planning and media advertising) and SaaS interactive marketing services business previously carried on by the Transferor was transferred to Transferee at a consideration of RMB370,000,000 and the transfer was completed on 1 December 2021. The designated assets and liabilities of the Transferor set out below were not transferred to Transferee as at 1 December 2021 and were treated as a deemed distribution of assets and assumption of liabilities to/by controlling shareholders in connection with the Group Reorganisation.

	RMB'000
Distribution of Assets to and Assumptions of Liabilities by Controlling Shareholders:	
Financial Assets at FVTOCI	62,558
Prepayments, deposits and other receivables	2,791
Income tax payable	(12,463)
Other payables and accruals	(53)
Amounts Due to Investees	(2,200)
Borrowings	(52,210)
	(1,577)

39. RELATED PARTY DISCLOSURES

(a) Compensation of Key Management Personnel

The key management personnel of the Group represent directors and other senior management of the Group. Details of the remuneration paid to them during the six months ended on 30 June 2023 and the six months ended on 30 June 2022 are set out in Note 14 to the consolidated financial statements.

(b) Balances with related parties:

Details of the Group's amounts due to directors and related parties are included in Notes 25 and 26.

40. FINANCIAL RISK MANAGEMENT

The Group's main financial assets include financial assets measured at fair value with other comprehensive income, trade receivables, margins and other receivables, dues from related parties, short-term bank deposits, and cash and cash equivalents generated directly from its operations. The Group's main financial liabilities include trade payables, other payables and accrued expenses, borrowings, lease liabilities, dues to directors, dues to related parties, dues to investees, and convertible bonds. The primary purpose of these financial liabilities is to provide funds for the operations of the Group.

At the end of the reporting period, the Group did not issue or hold any financial instruments for trading. The main risks arising from the Group's financial instruments are credit risks, liquidity risks, interest rate risks, and foreign currency risks. In general, the Group adopts a conservative strategy for its risk management. The Group must keep its exposure to market risks at the lowest possible level.

(a) Credit risk

Credit risk is the risk that a counterparty fails to fulfil its obligations under financial instruments or client contracts, resulting in financial losses. The Group is responsible for taking credit risks from its business activities (mainly trade receivables) and bank deposits.

The Group's clients primarily consist of reputable companies, which is why the credit risk is considered to be relatively low. Due to the Group's continuous credit assessment of its debtors' financial conditions and close monitoring of the age of the balance of receivables, the credit risk associated with other receivables is extremely low. The Group follows up overdue balances. Additionally, the management individually and collectively reviews the recoverable amount of its receivables on each reporting date to ensure sufficient impairment losses for any amounts that are deemed irrecoverable. Throughout the reporting period, the Group has consistently adhered to its credit policy and is considered to have effectively limited the credit risk it should take to an optimal level.

The Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables from transactions that is within the scope of HKFRS 15. Management has assessed the risk of counterparty default and Note 22 details provision for losses recognised during the reporting period.

40. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

To measure the expected credit losses, trade receivables were grouped based on shared credit risk characteristics and the days past due. The provision is determined as follows:

	Not Yet Past Due	Less than 6 Months Past Due	Over 6 Months but Less Than 12 Months Past Due	Over 12 Months but Less Than 18 Months Past Due	Over 18 Months but Less Than 24 Months Past Due	Over 24 Months Past Due	Total
(Unaudited)							
On 30 June 2023							
Expected Loss Rate	**4.97%**	**15.22%**	**48.71%**	**100.00%**	**100.00%**	**100.00%**	**27.76%**
Gross Carrying Amount (RMB'000)	**116,638**	**49,589**	**27,664**	**19,303**	**5,220**	**12,847**	**231,261**
Loss Allowance Provision (RMB'000)	**5,801**	**7,545**	**13,474**	**19,303**	**5,220**	**12,847**	**64,190**
(Audited)							
As at 31 December 2022							
Expected Loss Rate	4.97%	15.22%	48.71%	100.00%	100.00%	100.00%	22.71%
Gross Carrying Amount (RMB'000)	123,725	27,702	28,303	8,720	7,562	5,286	201,298
Loss Allowance Provision (RMB'000)	6,153	4,215	13,785	8,720	7,562	5,286	45,721

On 30 June 2023 and 31 December 2022, the fair value of trade receivables was equal to their carrying value.

On the reporting date, the maximum credit risk exposure to be assumed was equal to the carrying value of the aforementioned types of receivables. The Group does not hold any collateral or employ any other credit enhancement measures for these bank balances.

The Group had a concentration of credit risk as certain of the Group's trade receivables were due from the Group's five largest customers as detailed below.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Five Largest Customers	**88,167**	63,268

The Group's main bank balances are deposited in banks with good reputation and high credit ratings given by international credit rating agencies. Therefore, the management expects that no losses will be incurred due to defaults by these banks.

40. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

When it comes to managing liquidity risks, the Group's policy is to regularly monitor its liquidity requirements and compliance with loan covenants, in order to maintain sufficient cash reserves and adequate funding amount from commitments made by major banks to meet its both short-term and long-term liquidity needs. The liquidity policies have been followed by the Group during the reporting period and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table is drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

	Interest Rate	Carrying Amount RMB'000	Total Contractual Undiscounted Cash Flow RMB'000	Within 1 Year or on Demand RMB'000	More than 1 but less than 2 Years RMB'000	More than 1 but less than 5 Years RMB'000	More than 5 Years RMB'000
(Unaudited)							
On 30 June 2023							
Trade payables	N/A	27,363	27,363	27,363	–	–	–
Other payables and accruals	N/A	5,979	5,979	5,979	–	–	–
Borrowings	4.50%-5.05%	30,041	31,129	31,129	–	–	–
Convertible bonds – liability component	–	–	–	–	–	–	–
Lease liabilities	4.10%-5.36%	3,305	3,412	2,915	100	336	61
		66,688	67,883	67,386	100	336	61
(Audited)							
As at 31 December 2022							
Trade payables	N/A	22,585	22,585	22,585	–	–	–
Other payables and accruals	N/A	6,572	6,572	6,572	–	–	–
Borrowings	4.50%-6.20%	32,052	32,705	32,705	–	–	–
Convertible bonds – liability component	18.29%	37,187	37,374	37,374	–	–	–
Lease liabilities	4.10%-5.36%	4,018	4,217	3,283	486	326	122
		102,414	103,453	102,519	486	326	122

40. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Interest rate risk means the risk of fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing cash flow interest rate risk, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

The Group's investment in the fixed-rate protected capital fund in Note 21 is of shorter duration and carried at amortised costs. Therefore the management considers such investment is not subject to fair value change as a result of the change in reasonable possible shift of market interest rate.

Other than cash at banks in Note 27, the Group does not have significant interest-bearing assets. Any change in the interest rate promulgated by banks from time to time is not considered to have a significant impact on the Group.

The Group's fair value interest-rate risk mainly arises from borrowings as disclosed in Note 31 and convertible bonds as disclosed in Note 33. Borrowings and convertible bonds were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's borrowings and convertible bonds are disclosed in Note 31 and Note 33.

(d) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States dollars ("USD") and Hong Kong Dollars ("HKD") as the Group's bank balances and convertible bonds are denominated in these currencies. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

As at 30 June 2023, if the USD had weakened/strengthened by 0.5% against the RMB with all other variables held constant, profit for the year and equity would increase/decrease by RMB596 respectively (2022: RMB480,000), mainly as a result of net foreign exchange losses/gains on translation of USD denominated bank balances and convertible bonds. The Group's management manages this risk by closely monitoring the exchange rate movement and changes in market conditions that may have a significant impact on the operations and financial performance.

40. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the reporting period.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. Total debt is calculated as borrowings, lease liabilities, amount due to directors, amounts due to related parties, amounts due to investees and convertible bonds. Capital includes equity attributable to owners of the Company.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Total debt	**33,346**	73,257
Equity attributable to the owners of the Company	**563,840**	543,347
Total debt and equity	**597,186**	616,604
Gearing ratio	**6%**	12%

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, deposits and other receivables, other financial assets, amounts due to directors and related parties, trade payables, other payables and accruals, borrowings and liability portion of convertible bonds.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, other financial assets, amounts due to directors/related parties, trade payables, other payables, accruals, borrowings and liability portion of convertible bonds approximates fair value.

Financial instruments measured at fair value

Financial instruments measured at fair value include the conversion option derivative of convertible bonds measured at FVTPL. The Group's financial instruments carried at fair value as at 2023 and 2022 are categorised by the level of the inputs to valuation techniques used to measure fair value.

Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2023 (2022: nil).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
30 June 2023			
Liabilities			
Conversion option derivative at FVTPL	–	–	–

The financial liabilities at FVTPL represent the conversion option derivative portion of the convertible bonds (Note 33). The fair value is determined with reference to a valuation report issued by an independent valuation expert using the Binomial Tree option pricing model.

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair Value (Continued)

The determination of the fair value of the conversion option derivative portion of the convertible bonds is based on certain parameters including stock price and its volatility, exercise price, option life and risk-free interest rate, which are unobservable. The significant unobservable input is shown as below:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Volatility in stock price	N/A	98.0%

An increase in volatility by 1% would increase the fair value of financial liabilities at FVTPL by nil (2022: nil), whilst a decrease in volatility by 1% would decrease the fair value of the financial liabilities at FVTPL by nil (2022: nil).

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Assets		
At the beginning of the period	–	–
Additions	–	–
Fair value change recognised in other comprehensive income	–	–
Distribution of assets to controlling shareholders *(Note 38)*	–	–
At the end of the period	–	–
Liabilities		
At the beginning of the period	–	–
Convertible bonds issued	–	3,841
Gain on fair value changes on convertible bond – conversion option derivative	–	(3,841)
At the end of the period	–	–

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets		
Financial assets at amortised cost – non-current		
Deposit	250	250
Financial assets at amortised cost – current		
Trade receivables	167,071	155,577
Deposits and other receivables	874	1,423
Other financial assets	17,390	17,390
Cash and cash equivalents	119,366	329,188
	304,701	503,578
	304,951	503,828
Financial liabilities		
Financial liabilities at FVTPL		
Convertible bonds – conversion option derivative	–	–
Financial liabilities at amortised cost – current		
Trade payables	27,363	22,585
Other payables and accruals	5,979	6,572
Borrowings	30,041	32,052
Convertible bonds – liability component	–	37,187
Lease liabilities	2,868	3,159
Amounts due to directors	–	–
Payables to related parties	–	–
	66,251	101,555
Financial liabilities at amortised cost – non-current		
Lease liabilities	437	859
	437	859
	66,688	102,414

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

	Borrowings *(Note 31)* RMB'000	Lease Liabilities *(Note 19)* RMB'000	Amount due to a Director *(Note 25)* RMB'000	Amounts due to Related Parties *(Note 26)* RMB'000	Bonds Payable *(Note 33)* RMB'000
(Unaudited)					
As at 1 January 2023	32,052	4,018	–	–	37,187
Changes from cash flow:					
Proceeds from bank borrowings	30,000	–	–	–	–
Repayment of bank borrowings	(32,000)	–	–	–	–
Repayment of principal elements	–	(713)	–	–	–
Repayment of convertible bonds	–	–	–	–	(33,813)
Interest paid	(1,007)	(92)	–	–	(2,729)
	(3,007)	(805)	–	–	(36,542)
Other changes:					
Interest expenses *(Note 10)*	996	–	–	–	(645)
Imputed interest incurred on lease payments *(Note 10)*	–	92	–	–	–
	996	92	–	–	(645)
As at 30 June 2023	30,041	3,305	–	–	–

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Borrowings *(Note 31)* RMB'000	Lease liabilities *(Note 19)* RMB'000	Amount due to a Director *(Note 25)* RMB'000	Amounts due to Related Parties *(Note 26)* RMB'000	Bonds Payable *(Note 33)* RMB'000
(Unaudited)					
As at 1 January 2022	–	6,925	2	130,293	–
Changes from cash flow:					
Proceeds from bank borrowings	22,000	–	–	–	–
Proceeds from loan from third parties	101,320	–	–	–	–
Proceeds from loan from a shareholder	19,050	–	–	–	–
Repayment of loan from third parties	(101,320)	–	–	–	–
Repayment of principal elements	–	(577)	–	–	–
Proceeds from convertible bonds	–	–	–	–	40,511
Reimbursement to directors	–	–	(2)	–	–
Settlement of consideration arise from business transfer	–	–	–	(130,293)	–
Interest paid	(870)	(164)	–	–	–
	40,180	(741)	(2)	(130,293)	40,511
Other changes:					
Interest expenses *(Note 10)*	2,360	–	–	–	3,335
Deemed shareholder contribution	(1,029)	–	–	–	–
Exchange difference	793	–	–	–	2,428
Commencement of lease	–	13	–	–	–
Imputed interest incurred on lease payments *(Note 10)*	–	164	–	–	–
	2,124	177	–	–	5,763
As at 30 June 2022	42,304	6,361	–	–	46,274

Note:

The amount arises as a number of customers of the Group continue to repay their outstanding amounts to Xiamen Many Idea Interactive Co., Ltd.* (Xiamen Many Idea). However, these customers have agreed with Xiamen Many Idea to transfer the right of debt collection to the Group by signing the tripartite agreement under the Business Transfer which was completed on 1 December 2021.

* The English name of the subsidiary is a literal translation of its corresponding official Chinese name.

43. CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of the property, plant and equipment	11,262	11,262

44. EVENT AFTER THE REPORTING DATE

There are no other significant events which took place subsequent to 30 June 2023.

INTERPRETATIONS

"Audit Committee"	refers to	Audit Committee of the Company
"Board of Directors"	refers to	Board of Directors of the Company
"The Company"	refers to	Many Idea Cloud Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 10 June 2021
"Corporate Governance Code"	refers to	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Directors"	refers to	Directors of the Company
"Hong Kong Stock Exchange"	refers to	The Stock Exchange of Hong Kong Limited
"Listing"	refers to	The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2022
"Listing Rules"	refers to	Rules Governing the Listing of Securities on the SEHK
"Shareholder"	refers to	Holders of shares
"The Group" or "We"	refers to	The Company and its subsidiaries