netjoy

NETJOY HOLDINGS LIMITED
云想科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2131

ANNUAL REPORT

2023

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Jiaqing *(Chairman)*
Mr. Wang Chen *(Chief Executive Officer)*
Mr. Lin Qian *(Chief Financial Officer)*
Ms. Zha Lijun

Non-executive Directors

Mr. Dai Liqun
Mr. Wang Jianshuo

Independent Non-executive Directors

Mr. Chen Changhua
Dr. Ru Liyun
Ms. Cui Wen

AUDIT COMMITTEE

Mr. Chen Changhua *(Chairman)*
Dr. Ru Liyun
Mr. Dai Liqun

REMUNERATION COMMITTEE

Dr. Ru Liyun *(Chairman)*
Mr. Chen Changhua
Mr. Dai Liqun

NOMINATION COMMITTEE

Mr. Xu Jiaqing *(Chairman)*
Mr. Chen Changhua
Dr. Ru Liyun

AUTHORIZED REPRESENTATIVES

Mr. Wang Chen
Ms. Peng Ting

JOINT COMPANY SECRETARIES

Ms. Peng Ting
Ms. Leung Shui Bing *(resigned on December 28, 2023)*

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STOCK CODE

2131

COMPANY WEBSITE

www.netjoy.com

Financial Highlights

	Year ended December 31, 2023	2022	Year-on-year change
	(RMB in millions, except percentage)		
Revenue	**3,009.89**	3,310.09	(9.07)%
Gross profit	**250.75**	30.48	722.62%
Profit/(loss) before income tax	**9.41**	(202.22)	104.65%
Profit/(loss) and total comprehensive income for the year	**7.49**	(178.57)	104.19%
Adjusted net profit/(loss)	**24.96**	(199.13)	112.53%

	Year ended December 31, 2023	2022	2021	2020	2019
	(RMB in millions)				
Revenue	**3,009.89**	3,310.09	3,122.49	2,577.03	2,313.04
Gross profit	**250.75**	30.48	218.67	202.65	159.29
Profit/(loss) before income tax	**9.41**	(202.22)	134.32	111.14	79.09
Profit/(loss) and total comprehensive income for the year	**7.49**	(178.57)	117.40	103.61	72.93
Adjusted net profit/(loss)	**24.96**	(199.13)	146.54	146.02	87.92

	As at December 31, 2023	2022	2021	2020	2019
	(RMB in millions)				
Non-current assets	**237.66**	141.87	69.16	50.77	40.39
Current assets	**2,408.79**	2,207.22	2,388.86	1,988.94	598.57
Current liabilities	**1,252.13**	973.61	871.77	531.44	356.24
Non-current liabilities	**9.14**	4.55	3.57	3.25	1.04
Total equity attributable to owners of the parent	**1,386.50**	1,370.95	1,582.68	1,505.02	281.68

Chairman's Statement

Dear Shareholders,

Looking back on 2023, the challenges and pressures of the economic environment are still there, but frontier technologies such as AI-Generated Content ("**AIGC**"), Mixed Reality ("**MR**")/Virtual Reality ("**VR**") are advancing by leaps and bounds, leading the digital marketing industry to develop in a more innovative, integrated and efficient direction, and new opportunities are brewing. With the broad Internet users as the cornerstone and driven by changes in technology and market environment, the considerable potential in the field of short video marketing is also accelerating. In the era of rapid change, how to grasp the time window, how to expand the market boundary and explore more possibilities has also become the development proposition that Netjoy tries to answer at this important node.

After more than ten years of deep cultivation in the field of short video marketing, Netjoy has grown together with the rapidly changing industry, and built a platform technology architecture advantage with unique barriers in the field of short video marketing, which is our valuable "technical assets" and an important support for our long-term growth. In 2023, we continued to implement the three strategic directions of "Platformization", "Diversification" and "Internationalization", increased the depth and breadth of technology empowerment and business expansion, and constantly sought growth points in a complex and changing environment, so as to ensure a long-term and stable business operation model and continuously create value for shareholders who trust and support Netjoy.

In 2023, the Group achieved a further increase in business scale, and the total bill amount increased by 10.54% year-on-year to RMB 8.137 billion. The total income was RMB 3.010 billion, a slight decrease of 9.07% year-on-year. In terms of profit, compared with 2022, we improved our profitability by adjusting our business strategy and business structure. Last year, the gross profit reached RMB 250.75 million, with a year-on-year increase of 722.62%. The net profit was RMB 7.49 million, and the net interest rate increased by 104.19% year-on-year. Although the year-on-year change has turned losses into profits, my inner expectations for the Company do not stop there. Objectively speaking, the changes in the market environment and customer demand have not only created new business opportunities for us, but also increased the cost of business development. However, it is clear that every step of exploration and innovation in the development of the Company this year has deeply verified the feasibility of the strategic direction and management model of the Group at this stage, which will also help us to focus on the long term, continuously enhance market competitiveness, and strive for greater breakthroughs and progress while maintaining the cornerstone of core business.

Dig the moat in many directions and set up a higher competitive barrier

At this stage, the trend of step-by-step progress of cutting-edge technology, accelerated changes of advertisers' demand and closed-loop upgrade of industry links has gradually become the industry consensus, and the digital marketing field has increasingly shown the industrial characteristics of empowering cost reduction and increasing efficiency with technological innovation and integrating content with pipeline to achieve cross-media linkage coverage. The vision of "promoting customer growth with creative content and innovative technology" adhered to by Netjoy is more in line with the needs of the current era.

In the past two years, we have intensified our research and application in the field of Artificial Intelligence ("**AI**"), conducted in-depth research and development based on vertical specific scenarios of the marketing industry, and at the same time, combined with the changing trend of market ecology, accurately empowered the efficiency of creative content creation and intelligent operation, so as to achieve win-win development for the Group and customers. In 2023, we successfully integrated the application ability of AIGC and Natural Language Processing ("**NLP**") technology into the core scene of short video marketing link, and achieved certain results. For example, through the self-developed AIGC application products put into use in the fields of short video scripts, graphic content creation on social platforms, automatic generation of advertising pictures and video materials, our team greatly improved the efficiency of content output. During this period, the per capita monthly productivity of full-time video production teams increased by 21.45% year-on-year, reaching 436; We have upgraded our self-developed short video marketing tools with AI, bringing more efficient and intelligent marketing full-link operation experience to different types of customers. In addition, we have also extended the reach of creative productivity to the 3D field, set up a high-standard VR production base, and maintained close cooperation with leading domestic meta-universe and AI technology companies to seize the opportunities in the future more interactive and immersive marketing service era.

Facing the ever-changing market environment, we adhere to the core concept of "customer needs as the center" to help customers improve the overall efficiency of marketing promotion. With uncertainty becoming the "new normal" of the market, personalized, accurate and full-link marketing is more favored by advertisers. In order to grasp this trend, we adjust our service strategy in a timely and comprehensive manner, and respond to the changes in market demand quickly, in order to win the trust and support of a wider customer base. For example, in 2023, we iteratively upgraded the "Tianji" platform, which made the operation of customers' cross-platform advertising accounts more convenient and efficient, and ensured the management and control ability of fund data, further improving the efficiency and flexibility of customers' advertising budget management. Through the upgrade of the technology platform, the growth of the customer base and revenue scale of Tianji has also become stronger. In the past year, the number of users using Tianji platform increased by 188.24% year-on-year to 490, and the highest quarterly turnover of the platform continued to increase by 18.85% year-on-year to RMB 1.324 billion, which further deepened the cooperation between customers and us.

In addition, in order to expand the market coverage and reach a wider customer base, while deepening the cooperation with the original short video platform, we have intensified the development of new media scenes and continuously enriched and broadened the media channels. In 2023, while maintaining close cooperation with platforms such as TikTok, Kuaishou, Alibaba Group, Xiaohongshu and JD Group, we newly developed platforms such as Bilibili and Alipay, which promoted the enhancement of integrated global digital marketing services. Thanks to the high-quality and diversified media matrix and professional data analysis ability, we focus on expanding brand marketing services from the perspective of effect marketing, forming a full-link integrated marketing solution with product-effect synergy, and helping customers achieve comprehensive efficiency improvement from brand digital marketing to operation. In 2023, the number of advertisers we served reached 1089, up 21.54% year-on-year, and the average total bill of advertisers reached 7.47 million yuan.

Customer demand and market environment are changing all the time, but the two cores of "innovative technology" and "creative content" that we adhere to are the foundation to keep the competitive barriers of enterprises. Insight into changes, seizing opportunities and facing difficulties are our attitude towards enterprise growth and the key elements for us to stay ahead in the industry.

Multi-dimensional expansion of development space, anchoring long-term stable growth opportunities

At present, all fields of the digital economy are accelerating to the stage of intelligent transformation with rich content forms, which has also had many positive effects on the short video marketing industry. With the maturity of the mainstream content form "short video", the promotion role of short video marketing in maintaining and expanding brand influence and promoting users transformation has become more and more prominent, and the overall track has also entered an important upgrading and adjustment period. In the new stage of industry development, we pay more attention to grasping and exploring the window period of new opportunities for sustainable development.

In 2023, on the basis of consolidating the advantages of the original marketing business, we deeply explored the customer demand of the e-commerce sector to better meet its integrated demand for user transformation and product-efficiency-marketing in the new era. For example, we have strengthened the comprehensive expansion of e-commerce services, and in the process of improving the e-commerce service system of the whole case, we have gone deep into the upstream supply end to the downstream sales end of the industrial chain, and gradually established the unique advantages of several industry categories in the social media e-commerce ecosystem, including 3C digital, beauty care, daily household cleaning, pet food, local life, big health and other vertical tracks, enabling customers to realize the total effective commodity transaction amount of RMB 1,129.15 million ("**effective GMV**") throughout the year, a substantial increase of 293.13% compared with 2022.

In the increasingly fierce competitive environment, finding more business opportunities for vertical tracks has also become an effective strategy for us to tap new growth points. We believe that the intensive cultivation of the segmentation field can not only meet the marketing needs of the current brand customers to accurately locate the target population, but also establish a leading industry mentality and form a differentiated competitive advantage through benchmark cases in vertical industries.

At the same time, looking overseas, the user base and marketing purpose of short video content field are increasing day by day, so opening up the international market is also one of our important strategic directions. In 2023, through the integration of high-quality marketing resources at home and abroad, and with the help of intelligent technologies such as AI translation and AI avatar synthesis, we realized the localization of marketing content production and derivative capabilities in Europe, America and Southeast Asia. By the end of 2023, our service has covered 13 foreign language user markets such as Britain, Germany, France, Italy, Spain and Japan, and has become a commercial video creative partner of TikTok and Temu. We believe that with the reusable experience and scale advantages accumulated in China market in terms of technology, data and operation, actively exploring overseas markets will help us achieve stronger scale effect and open up broader development space.

On the whole, our business layout is mainly around the short video traffic ecology, and based on the two core advantages and experience of marketing technology and content creativity, we are constantly expanding new business opportunities. For example, in the second half of 2002, we began to lay out the micro-short drama business, and now we have achieved a complete business link from IP creativity to content production and distribution, and in 2023, we produced a total of 56 fine short dramas, with a cumulative subscription income of 64.4 million yuan; At the same time, we have keenly grasped the opportunity in the digital transformation stage of the local life service industry, and empowered 107 physical catering stores to achieve an efficient business model and a horizontal expansion of their business structure with technology-enabled industrial chain investment and marketing solutions.

In order to better cooperate with the advanced growth of the business, we also improved the allocation and layout of the overall resources of the Group this year. In June 2023, we opened the central and western headquarters of the Group in Xi'an, positioning it as our video production center, live broadcast e-commerce operation base and other functional carriers, and formed a more complete national business network system on the original basis. Relying on the advantages of digital economy industrial cluster and abundant human resources in Xi'an, we have adjusted and strengthened the targeted allocation of the overall resources of the enterprise to enhance the synergy between different business segments such as short video marketing and e-commerce services, thus laying the foundation for future business expansion and market expansion.

2024, determined to move forward and explore infinite possibilities

In the past year, we have been laying a solid foundation for the long-term steady development of enterprises, exploring new opportunities and laying a "foreshadowing" for the foreseeable growth in the future. For the enterprise itself, our belief and attitude are also reflected in the new enterprise logo we upgraded in 2023-the symbol "X" conveys our confidence and determination to start a new journey and create higher achievements. Netjoy will pay close attention to technological progress, customer behavior and changes in the industrial chain environment, formulate more accurate and effective coping strategies, and explore more possibilities in the field of short video marketing.

Looking forward to 2024, the acceleration of digital transformation around the world is still the trend of the wave, and the digital marketing track where Netjoy is located also contains new imagination space in high growth. Standing at a new starting point, we will stick to the initial intention of the company, embrace changes and opportunities with a positive, flexible and open attitude, better serve as a "bridge" between user needs and advertisers, strive to achieve more outstanding business results, and create more and higher long-term value for shareholders.

Here, on behalf of the Board of Directors, I would like to extend my most sincere thanks to all shareholders, customers, partners and our hard-working employees. Every step of our progress is inseparable from your continuous trust and strong support, and your expectations and encouragement will also drive us to continue our unremitting exploration and forge ahead.

XU Jiaqing
Chairman and Executive Director

Shanghai, China
March 28, 2024

Management Discussion and Analysis

2023 RESULTS HIGHLIGHTS

In 2023, the global market environment challenges and opportunities are intertwined. On the one hand, under the background of moderate recovery of the world economy, the stability of the macro-political situation still fluctuates, and cross-border cooperation and international trade are affected by many uncertain factors; On the other hand, thanks to the development and application of cutting-edge new technologies such as artificial intelligence ("**AI**") and the obvious trend of "short-video" on social media content platforms at home and abroad, all fields of digital economy have stepped into the stage of intelligent transformation with rich content forms. For the digital marketing industry, commercial scenes such as advertising, channel operation, data strategy and creative output also show more creative and imaginative ecological characteristics. During the Reporting Period, the Group firmly adhered to the high-quality development strategy with technology and creativity as the core gears, explored new growth opportunities in the wave of enterprise digitalization, efficiently met the higher requirements put forward by advertisers in terms of marketing digitalization, channel diversification and precise effect, effectively responded to various market challenges with an innovative and perfect short video eco-business service system, and at the same time keenly grasped opportunities and laid out emerging markets with strategic significance for the Group's development.

Specifically, during the Reporting Period, under the guidance of the three long-term development strategies of "Platformization", "Diversification" and "Internationalization", we constantly innovated and upgraded the advantages of platform technology architecture with unique barriers in the short video marketing industry, and promoted the commercialization of data precipitation, so as to promote the multi-dimensional expansion of integrated marketing business, enhance the operational vitality, business resilience and market adaptability of the two core businesses of online marketing services and e-commerce services, and become a full-category advertiser base. In addition, in order to convey our firm confidence in the market prospect of digital marketing, we adopted the "X" symbol symbolizing infinite possibilities as the new group brand logo. During the Reporting Period, based on our effective business strategy and extensive and high-quality corporate customer base, the Group further exerted its advantages in marketing technology and integrated services, and all businesses grew vigorously, laying a solid foundation for long-term development.

In 2023, the Group successfully achieved a steady increase in gross billing, reaching RMB8.137 billion, the highest level in the past years, with an increase of 10.54% compared with RMB7.361 billion in 2022. The compound annual growth rate from 2018 to 2023 reached 38.25%, and the business scale showed an expanding trend year by year, and diversified businesses accelerated the release of new growth potential. The Group's total revenue reached RMB3.01 billion, down by 9.07% year-on-year, mainly due to the Group's initiative to optimize the customer structure in order to improve the profit quality. During the Reporting Period, the market business layout was in a state of steady expansion, and stable income was achieved in the macroeconomic market fluctuation.

In terms of gross profit, the Group increased from RMB30.48 million in 2022 to RMB250.75 million in 2023, achieving a year-on-year increase of 722.62%; Gross profit margin reached 8.33%, up by 7.41 percentage points year-on-year. By improving operational efficiency, optimizing cost structure and responding flexibly to market demand, the Group's profitability has greatly stabilized and improved. In terms of net profit, the Group recorded RMB7.49 million, and the adjusted net profit was RMB24.96 million, increasing 112.53% year-on-year. Faced with market thorns and challenges, the Group made timely strategic adjustments to fully enhance the flexibility and effectiveness of financial management.

2023 RESULTS HIGHLIGHTS (Continued)

As of December 31, 2023, the Group's cash and cash equivalents reached RMB361 million, up by 29.04% year-on-year. With abundant cash reserves and sound financial management strategies, it has provided a solid financial foundation for the Group's future sustainable development, foreign investment and related industry operations.

During the Reporting Period, the Group actively grasped and deeply explored the development opportunities of global short video ecology, and made steady progress along the development strategic direction of "Platformization, Diversification and Internationalization". Through comprehensive exploration in the dimensions of technology research and innovation, business direction expansion and market space expansion, the Group's business growth space has been significantly expanded, and a collaborative short video business service matrix has been created.

By integrating marketing technical resources and opening up data assets, the Group has enhanced the quality and efficiency of core application scenarios of marketing links, as well as big data management and control analysis and multi-level business collaboration capabilities across media, customers and modules on the basis of mature underlying platform technology system. In addition, on the basis of focusing on short video marketing and e-commerce service, we have extended from effect marketing to brand marketing, and transformed from brand live broadcast operation to all-round e-commerce service. At the same time, we have made great efforts to expand two new fields of digital entertainment and local life, and combined with a middle and back office business support center to form a "4+1" overall business strategic pattern. Based on the complete digital marketing service matrix formed in the China market, we export efficient large-scale creative production capacity to the international market, expand the multilingual video production capacity and overseas resource cooperation network, become the commercial video creative partners of enterprises such as TikTok and Temu, and strengthen the localized marketing capability in regional markets such as Europe, America and Southeast Asia.

With the advantages of comprehensive digital marketing and integrated services in the whole industry chain, the Group has achieved the expansion and promotion of customer number, customer quality and customer industry diversity in the process of promoting the three major strategies, helping us achieve new business goals. In 2023, the number of advertisers we served increased to 1,089, a year-on-year increase of 21.54%. By the end of the Reporting Period, we had provided a total of 29,643 advertisers in 277 vertically subdivided industries with all-round marketing services, covering financial services, online services, online games, culture and media, e-commerce and other industries, and the customer base structure showed stable, balanced and diversified industry distribution characteristics. We believe that this will provide solid support for the Group to continue to create large-scale growth and maintain strong market adaptability in the future development, so that we will have stronger resilience and adaptability in the face of complex changes in the market.

2023 RESULTS HIGHLIGHTS (Continued)

Relying on the technological advantages of the Group's leading integrated platform in the industry, high-quality and diversified media cooperation matrix, and advanced big data analysis and management capabilities, we have won wide recognition and praise both inside and outside the industry as a forward "engine" for continuously empowering customers and partners to enhance their business value. As of the date of this announcement, the Group has won a number of industry heavyweight awards,including: three awards, such as the 14th Golden Mouse Digital Marketing Competition "Gold Award for Creative Communication Track", Ocean Engine Co-engine Award for 2022-2023"Long-term Management Award of the Year", Ocean Engine Co-engine Case Award "Live Marketing Case Award", and four awards, such as 2023 Magnetic Engine Partner Conference "Top Ten New Partners of the Year" and "Excellent Partner of the Year of Magnetic Taurus", 2023 Tencent Advertising Channel Partner Summit "Annual Effect Innovation and Efficiency Enhancement Award", 2023 TikTok E-commerce "Silver Brand Service Provider", Bilibili "Annual New Force Service Provider Award" and "Annual Breakthrough Growth Partner Award", AliMama Creative Center "Best Partner of the Year", 16th Golden Award for Business Creativity "Agency Group Bronze Award" and other awards. These honors are not only the recognition of our technological innovation and business achievements, but also the affirmation of the influence, brand value and continuous leading position of the Group in the field of digital marketing.

With the development of digital economy, the broad market potential of digital marketing industry at home and abroad is also increasingly apparent, which is the core field we have been deeply cultivating for a long time. The penetration rate of short video content in various commercial scenes at home and abroad continues to rise, and we are convinced that its promotion to global economic growth will become more and more obvious in the future. By consolidating our technical barriers in the field of short video marketing and combining the marketing full-link capability driven by multiple businesses, we have accelerated the steady leap of the company's operating efficiency, empowered industry and corporate customers to seize the key opportunities in the new era of digital economy, and further expanded the market influence of the Group in the global digital marketing service industry chain from a long-term perspective.

2023 BUSINESS REVIEW

During the Reporting Period, the Group closely combined with the current macroeconomic development trend and its own development strategy, focused more on the two main businesses of online marketing service and e-commerce service, steadily promoted high-quality business development, and consolidated the basic operation of the company. In 2023, the Group's business scale and industry competitiveness made steady progress, its ability to accurately understand market demand was improved, and its endogenous technology driving force and its ability to expand its business boundaries were enhanced.

Online marketing service

Short video marketing is the "ballast stone" business of the Group, and it is also one of the core strengths of the Group. Faced with the personalized, refined and full-link business characteristics of advertisers in the field of Internet marketing, we rely on the leading large-scale production capacity of creative content, big data analysis and management capabilities, as well as rich media channels and talent resources to integrate and open up the service chain, expand the business scale and achieve profitability again. During the Reporting Period, the Group provided customized online marketing solutions to 1,089 advertisers, and the gross profit margin of the business increased by 5.30 percentage points to 5.70% year-on-year.

In the trend of data and intelligence in online marketing industry, corporate customers pay more attention to reducing costs and increasing efficiency in the whole scene of marketing links. For digital marketing service providers, it is an important "moat" to enhance their core competitiveness by having keen industry insight and establishing solid technical barriers. During the Reporting Period, relying on its platform systems such as "Tianji" and "Lianshan Zhitou", we further opened up various links such as large-scale content production, stylized accurate delivery, big data effect analysis and independent budget management, so as to meet the refined needs of customers in the whole link of short video marketing. Among them, the "Tianji" platform has been further iteratively upgraded, and it has been upgraded from various aspects, such as media platform port expansion, data storage stability enhancement, and user experience scenario optimization, so as to further empower advertisers to improve account operation efficiency and strengthen their autonomy in data management and control. During the Reporting Period, the number of users of "Tianji" platform increased by 188.24% year-on-year to 490, and the highest quarterly turnover of the platform continued to increase by 18.85% year-on-year to RMB1.324 billion. At the same time, our short video marketing full-link operating system "Yunshi Youke" which provides services for small and medium-sized enterprises has realized many iterations of product functions, and embedded the technology of Artificial Intelligence Generative Content ("**AIGC**") in the related functions of short video production, providing a one-stop automatic marketing solution covering many aspects of short video marketing, such as video script, marketing copy, post dubbing, content distribution and user access, helping small and medium-sized enterprises to deeply participate in the short video business ecosystem and realize short video marketing.

2023 BUSINESS REVIEW (Continued)

Online marketing service (Continued)

With the vigorous development and application of AI technology, we put more resources into the research and development and commercialization of AIGC technology, and integrated the application ability of AIGC and natural language processing ("**NLP**") technology at the graphic level into the production of short videos, which improved the output efficiency of the team in script creation, marketing copy, element design and other graphic content, and put the self-developed AIGC application products into the automatic generation of short video scripts, social platform graphic content creation, advertising pictures and video materials. In 2023, the total amount of bills generated by the Group per capita increased by 16.19% year-on-year to RMB23.18 million. Through the improvement of video production capacity, the Group further realized cost reduction and efficiency improvement in business operations. At the end of the Reporting Period, the monthly production capacity of internal video production teams had peaked at over 21,400, and the monthly production capacity of full-time video production teams had achieved a new breakthrough, increasing by 21.45% year-on-year to 436. As of December 31, 2023, the short video history delivered and programmed by us has generated more than 1,303.7 billion shows and more than 468.8 billion video views.

With the content form of online marketing market becoming more diversified and personalized, we are also actively exploring new forms of creative content and expanding the creative capacity from short video form to 3D content. During the Reporting Period, we set up a high-standard virtual reality ("**VR**") production base, and reached a strategic cooperation relationship with leading domestic Metauniverse and AI technology companies, which helped the construction of Metauniverse marketing infrastructure, and enhanced the Group's commercial marketing service capabilities in VR scenarios at the business practice level in cooperation with domestic and overseas head enterprises in games, Internet and other industries. We believe that the investment of resources in the field of 3D content will help the Group to enhance its industry perception and service level in the form of cutting-edge content, and provide strong support for the Group in terms of long-term growth and efficiency improvement.

In the process of steadily promoting business expansion with technology and content innovation, the Group's coverage of cooperative media and the depth of customer service, as well as its cross-platform and intelligent advertising operation capabilities have been continuously enhanced. In 2023, we continued to deepen cooperation with TikTok Group, Kuaishou, Tencent, Xiaohongshu, Alibaba Group, JD Group and other head content platforms, and newly developed platforms such as Bilibili and Alipay, and obtained the certification of the core agent of Bilibili with a mature full-link marketing service system, ranking among the only seven authorized agents in the game industry in China. On the basis of rich and diverse media channels, combined with professional data analysis and customer service team, with the help of marketing scientific tools and methodologies such as huge cloud images, the Group empowered brand customers to achieve overall efficiency improvement from brand marketing to operation, opened up integrated marketing services integrating brand marketing and effect marketing, and integrated various service types such as talent economy and content marketing. During the Reporting Period, the Group provided special services for domestic well-known cheese brands, snack food brands and fashion clothing brands, achieving effective reach and high quality of advertising.

2023 BUSINESS REVIEW (Continued)

Online marketing service (Continued)

With the deepening of short video industry and the integration of social and economic fields, the refinement of vertical track has gradually become a new force in the field of short video marketing. During the Reporting Period, based on the increasingly perfect marketing service system, the Group closely followed the market trend, carried out business innovation from media channels, operational methodology and other dimensions, expanded its business exploration in the vertical track and formed a unique advantage. Taking the big health market as an example, on the basis of long-term cooperation with the head short video platform, the Group strategically strengthened the layout of the vertical track of big health, and provided refined operational support for related brand customers to explore the new media platform ecology. During the Reporting Period, the scale of our customers has been further expanded, and the industry richness of the customer base has also been enhanced again. In 2023, the top three industries served by the Group's advertisers were financial services, online services and online games, accounting for 31.7%, 23.7% and 22.4% of online marketing solution revenue respectively.

With the support of large-scale and localized short video creativity and big data-driven precision marketing technology, the Group continued to explore the international market in the form of short video creativity going to sea, effectively reusing the data, technology and experience accumulated in the China market overseas, and providing customers with one-stop and customized marketing content services. With the help of AI translation, AI avatar synthesis and other technologies, we have realized the localization and derivative capabilities of creative videos in Europe, America, Southeast Asia and other markets, empowering corporate customers to accelerate their integration into overseas markets and help them enhance their brand awareness. At the end of the Reporting Period, we have covered 13 foreign language user markets including Britain, Germany, France, Italy, Spain, Japan, Korea, Thailand, Portugal, Vietnam, Arabic, Indonesian and Malay, and become commercial video creative partners of TikTok and Temu. We believe that with the expansion of the Group's overseas market coverage and the gradual release of the commercial value potential of customer resources, our international business will become an important growth point of the Group in the future.

2023 BUSINESS REVIEW (Continued)

E-commerce service

With the rise of emerging social media, the three elements of e-commerce "people, goods and fields" have changed, and new opportunities have been born in the process of reshaping the e-commerce ecology. In 2023, the Group gradually established and improved the whole-case e-commerce service system covering brand self-broadcasting, talent distribution and store operation, and provided the brand with "people, goods and fields" e-commerce whole industry chain services based on short video ecology. During the Reporting Period, the total amount of effective Gross Merchandise Volume ("**effective GMV**") reached RMB1,129.15 million, up by 293.13% year-on-year. With the help of the Group's long-term ability of big data analysis and customer demand insight, we deeply integrated e-commerce traffic conversion with short video marketing business, and provided short video marketing click ID ("**CID**") technical services for e-commerce customers, enabling customers to realize visual data management of the whole link inside and outside the advertising station, and fully enhancing the user conversion effect.

In 2023, we further consolidated the advantages of e-commerce services in vertical industries such as 3C digital, beauty care, daily household cleaning, pet food, local life and big health, and went deep into the upstream supply end to downstream sales end of the e-commerce industry chain, broadening the coverage of the Group's more comprehensive e-commerce service capabilities and enhancing our influence in the social media e-commerce industry chain. In addition, due to the obvious upward trend of domestic market segments such as local life services, the Group is gradually expanding the key industries of e-commerce services to high-growth tracks such as local life and big health, and is committed to cultivating new business growth curves.

During the Reporting Period, the central and western headquarters of the Group in Xi'an was officially opened and became an important base for the company's business operation and development. The headquarters will integrate R&D center, video production center, live e-commerce operation base, short video and live training center. At the end of the Reporting Period, some of our business teams involved in e-commerce services such as live broadcast operation, streaming operation, content production and data analysis had moved from Shanghai to Xi'an. In addition, we have cooperated with many local universities in Xi'an on talent projects, and reserved excellent human resources for the long-term development of our business by building a management and training system. The opening of the central and western headquarters further optimized the Group's business management mode and cost structure, and realized the comprehensive improvement of human resources allocation and business operation efficiency.

Looking back on 2023, the format of short video traffic has entered the "deep water area", and various media platforms have formed more commercial potential space based on the new ecological layout and diversified development. In addition to online marketing and e-commerce services, the Group has continuously laid out more innovative business opportunities, focusing on digital entertainment and local life. On the one hand, relying on the advantages of technological innovation and content creativity accumulated in the field of short video for a long time, the Group has built a full-link business link from IP creativity, content production to film distribution of micro-short plays, and in 2023, it produced 56 headquarters of high-quality short plays, achieving a cumulative subscription income of RMB64.4 million; On the other hand, the local life service industry in the trend of digital economy transformation is also undergoing profound changes. During the Reporting Period, the Group empowered 22 chain catering brands and 107 physical catering stores to achieve an efficient digital business model through industrial chain investment and marketing solutions.

BUSINESS OUTLOOK

Looking forward to the future, "Platformization", "Diversification" and "Internationalization" are still important strategic guidelines for our business development, and are the three core directions for us to build long-term competitiveness and expand development space. On the basis of steadily advancing the three strategies, we will enhance our technical capabilities by increasing resources, improve the Group's resilient and dynamic business matrix, and efficiently promote the overseas business process to further enhance our market position in the short video marketing industry. In 2024, we will focus on the following four aspects to promote business layout.

Continue to develop and apply the latest digital technology and deepen the enabling layout of AIGC technology

Under the premise that technologies such as AIGC and Big Model are flooding into the digital economy industry and gradually promoting the transformation of production methods, the Group, as a leading enterprise in the field of technology-driven short video marketing, has far-reaching confidence in the application prospect of AIGC technology in the industry. We realize that AIGC technology is reshaping the value chain of digital marketing, starting from the advanced production methods of text, audio and images, upgrading the multi-modal application capabilities such as Wensheng video, empowering the advertising marketing industry in the whole chain and increasing efficiency in multiple dimensions, leading a new round of changes in the market ecology of the whole industry. In the future, we will deepen our investment in AIGC technology from the aspects of technical capabilities, innovative products, industry ecosystem, customer experience and global business, and promote the innovative application of AIGC technology and the integrated development of the Group's core business.

In terms of technical capabilities, we plan to continuously promote the upgrading and optimization of AIGC technology, so as to reduce the cost, increase the output and optimize the effect of short video marketing, and expand its application capabilities to a wider field of digital content; In terms of innovative products, we plan to carry out product research and development and innovation based on the practical results of AIGC technology to meet the differentiated needs of different social media platforms for digital marketing and promote the commercialization process of AIGC application products; In terms of industry ecosystem, the Group is gradually unlocking the commercial application potential of AIGC technology in the fields of video creation, intelligent delivery and e-commerce services, and promoting the establishment of a more three-dimensional AIGC marketing application ecosystem through close alliance with external high-quality ecological partners; In terms of customer experience, with the expansion of the application of AIGC technology in the Group's internal operation system, we will use the deepening exploration of AIGC technology to tap and precipitate the value of user data and deepen our ability to understand customer needs, so as to further optimize customer experience and improve customer stickiness, thereby enhancing our overall competitiveness in the industry; In addition, we have observed that AIGC technology is having a far-reaching impact on the global business ecology, and we will continue to pay attention to the new trends in the international market and explore the possibility of applying AIGC technology on a global scale, especially focusing on offshore business.

BUSINESS OUTLOOK (Continued)

Strengthen and broaden the multi-business matrix, and explore new business models of potential track

With the continuous improvement of the development level of digital economy in China and around the world, various enterprises have diversified development needs under the digital wave. As a leader in technology-driven short video marketing, the Group plans to further improve the commercial service system through innovation in technology, service and content, and launch more innovative products and services in brand marketing, talent economy and content marketing, so as to provide global digital marketing services covering the whole marketing link for corporate customers and help enterprises achieve long-term, efficient and all-round growth in the short video ecosystem.

In addition, driven by the integration trend of short video content forms in the field of digital business services, new high-growth tracks such as short plays and local life are developing and expanding, providing us with new business layout opportunities. In the future, we plan to increase our efforts in short plays, local life and other fields, promote offline and online business collaboration and further expand the diversified business scale. On this basis, we will consider integrating or holding to attract marketing enterprises or teams with business advantages in vertical tracks such as local life, so as to achieve rapid business expansion and increase market share.

Deepen the layout of e-commerce industrial chain and strengthen the penetration of key vertical industries

Driven by the rise of new media platforms and the change of users' consumption habits, the e-commerce industry is in a profound stage of business model change, and the traditional standardized and centralized e-commerce model is developing in a more personalized and comprehensive direction. Based on the Group's accumulated business coverage in the e-commerce industry and keen insight into the new trend of e-commerce track, we are actively exploring business opportunities that can realize the growth of commercial value, and continue to promote our e-commerce business capabilities to a wider market and a more vertical field through full-case e-commerce services covering brand live broadcast, talent distribution and shopping mall operation.

With the continuous development of cross-media platform operation capability and big data analysis precipitation, as well as the rich service experience and strategic vision of hundreds of subdivided vertical industries, we will continue to develop new business forms with more industry competitiveness, and cooperate with high-value platform traffic resources and ecological partners to expand for high-growth e-commerce tracks such as beauty care, local life and great health. We believe that the layout of the vertical track with the characteristics of high growth will help us to improve the resilience of e-commerce service business and increase the flexibility and development potential of new business development.

BUSINESS OUTLOOK (Continued)

Improve international resources and enhance the value growth space of overseas markets

In recent years, driven by the global digitalization wave, the digital economy field in developed markets such as Europe and America and emerging markets such as Southeast Asia is showing a dynamic development trend, and the pace of domestic enterprises going out to sea is accelerating, and the commercialization space in the international digital economy field is expanding day by day. Based on this, with the help of our technical ability and successful methodology accumulated in the domestic short video marketing market, we will accelerate the expansion of overseas mainstream media platforms, promote the integration and collaboration of cross-border digital marketing resources, set up business branches in prosperous economic markets such as Singapore, which have the potential to reproduce commercial models, and then explore opportunities for international value growth that are in line with the business logic of the Group's online marketing services and e-commerce services.

We have noticed that the international digital business ecology has entered a new stage of development, with the change of technology and industry ecological innovation, the transformation and reconstruction of consumption habits, and the characteristics of rich and diverse marketing contacts and scattered media. Therefore, the differentiated operation ability and resource aggregation ability for different marketing scenarios and content forms have become the key to breaking the game. In this context, the Group will further expand the application scope and depth of its three-dimensional marketing service system in international business exploration, assist overseas corporate customers to carry out localized short video marketing operations in combination with different market characteristics, enhance the Group's ability to meet customer needs in overseas markets, and enhance its business adaptability to different cultural markets.

Based on the above four key development aspects, the Group will also actively and selectively seek strategic cooperation or investment M&A opportunities with outstanding external companies, so as to form long-term business synergy value, seize market opportunities that are compatible with our full-link marketing capabilities and accelerate the layout and development of high-value business ecology.

FINANCIAL REVIEW

Year ended December 31, 2023 compared to year ended December 31, 2022

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**3,009,891**	3,310,085
Cost of sales		**(2,759,140)**	(3,279,603)
Gross profit		**250,751**	30,482
Other income and gains	5	**38,163**	55,358
Selling and distribution expenses		**(91,324)**	(12,338)
Administrative expenses		**(96,117)**	(67,967)
Impairment losses on financial assets, net		**(41,986)**	(167,058)
Research and development expenses		**(21,901)**	(8,801)
Other expenses	5	**(6,037)**	(654)
Finance costs	6	**(22,172)**	(25,918)
Share of profits/(losses) of associates	17	**28**	(5,329)
PROFIT/(LOSS) BEFORE TAX	7	**9,405**	(202,225)
Income tax (expense)/credit	10	**(1,920)**	23,651
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,485**	(178,574)
Attributable to:			
Owners of the parent		**8,796**	(178,057)
Non-controlling interests		**(1,311)**	(517)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic			
– For profit/(loss) for the year		**RMB1.1 cents**	RMB(22.9) cents
Diluted			
– For profit/(loss) for the year		**RMB1.1 cents**	RMB(22.9) cents

FINANCIAL REVIEW (Continued)

Key Financial Ratios

	Year ended December 31, 2023	2022
Gross profit margin (%)(1)	**8.33**	0.92
Net profit margin (%)(2)	**0.25**	(5.39)
Current ratio (times)(3)	**1.92**	2.27
Adjusted net profit margin (%)(4)	**0.83**	(6.02)
Debt-to-asset ratio (times)(5)	**0.48**	0.42

Notes:

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

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

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

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

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

Revenue

We generate our revenue primarily from the provision of (i) our one-stop online marketing solutions to advertisers directly or through advertising agencies; (ii) e-commerce and distribution; and (iii) other business. Our total revenue decreased by 9.07% from RMB3,310.09 million in 2022 to RMB3,009.89 million in 2023, which was mainly due to the decrease of our online marketing solution business revenue.

FINANCIAL REVIEW (Continued)

Revenue by business segments

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

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Online marketing solutions business	**2,864,951**	**95.2**	3,256,189	98.4
E-commerce and distribution	**53,465**	**1.8**	27,570	0.8
Other business[1]	**91,475**	**3.0**	26,326	0.8
Total	**3,009,891**	**100.0**	3,310,085	100.0

Note:

(1) Other businesses include short plays business and SaaS services.

We enter into annual framework agreements with our advertising customers and charge them for our online marketing solutions based primarily on a mix of oCPM, oCPC and CPC. Our online marketing solutions business declined during the Reporting Period due to our enhanced risk management and in-depth cooperation with quality customers to ensure the overall profitability. For the year ended December 31, 2023, the revenue generated by online marketing solutions accounted for 95.2% of our total revenue.

Revenue from online marketing solutions business by type of advertising customers

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

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

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Advertisers	**2,529,183**	**88.3**	3,006,788	92.3
Advertising agencies	**335,768**	**11.7**	249,401	7.7
Total	**2,864,951**	**100.0**	3,256,189	100.0

FINANCIAL REVIEW (Continued)

Revenue by business segments (Continued)

Revenue from online marketing solutions business by industry verticals

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

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

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Online gaming	**640,781**	**22.4**	872,553	26.8
Financial services(1)	**908,769**	**31.7**	744,662	22.9
E-commerce	**64,156**	**2.2**	120,607	3.7
Internet services	**678,818**	**23.7**	923,692	28.4
Advertising	**216,984**	**7.6**	271,084	8.3
Culture and media	**322,940**	**11.3**	318,141	9.8
Others(2)	**32,503**	**1.1**	5,450	0.1
Total	**2,864,951**	**100.0**	3,256,189	100.0

Notes:

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

(2) Others mainly include business services and healthcare.

For the year ended December 31, 2023, financial services was our largest group of advertising customers. Our revenue generated from financial services accounted for 22.9% and 31.7% of our total revenue derived from online marketing solutions business for the years ended December 31, 2022 and 2023, respectively.

For the year ended December 31, 2023, we further explored other industry verticals, such as culture and media. Our revenue generated from culture and media, as a percentage of our total revenue generated from online marketing solutions business, increased from 9.8% in 2022 to 11.3% in 2023.

FINANCIAL REVIEW (Continued)

Cost of Sales

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

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Traffic acquisition cost	2,606,899	94.5	3,153,508	96.2
Employee benefit expenses	47,939	1.7	42,611	1.3
Others[(1)]	104,302	3.8	83,484	2.5
Total	2,759,140	100.0	3,279,603	100.0

Note:

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

Our cost of sales primarily consists of traffic acquisition cost, employee benefit expenses and others. In 2023, traffic acquisition cost constituted the largest portion of our cost of sales, and others constituted the second largest portion of our cost of sales. For the years ended December 31, 2022 and December 31, 2023, our traffic acquisition costs amounted to RMB3,153.5 million and RMB2,606.9 million, respectively, accounting for approximately 96.2% and 94.5%, respectively, of our total cost of sales for the respective years, which was in line with our business change. For the years ended December 31, 2022 and December 31, 2023, our employee benefit expenses amounted to RMB42.6 million and RMB47.9 million, respectively, accounting for approximately 1.3% and 1.7%, respectively, of our total cost of sales for the respective years, which was caused by the company's expanding business model. For the years ended December 31, 2022 and December 31, 2023, our others costs amounted to RMB83.5 million and RMB104.3 million, respectively, accounting for approximately 2.5% and 3.8%, respectively, of our total cost of sales for the respective years, which was attributable to the rising short plays expenses.

FINANCIAL REVIEW (Continued)

Cost of Sales (Continued)

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

	Year ended December 31,			
	2023		2022	
	(RMB'000)	% of the total	(RMB'000)	% of the total
Online marketing solutions business	2,701,506	97.9	3,243,161	98.9
E-commerce and distribution	22,340	0.8	16,814	0.5
Other business[(1)]	35,294	1.3	19,628	0.6
Total	2,759,140	100.0	3,279,603	100.0

Note:

(1) Other businesses include short plays business and SaaS service.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,			
	2023		2022	
	Gross profit (RMB'000)	Gross profit (RMB'000)	Gross profit (RMB'000)	Gross profit (RMB'000)
Online marketing solutions business	163,445	5.7	13,028	0.4
E-commerce and distribution	31,125	58.2	10,756	39.0
Other business[(1)]	56,181	61.4	6,698	25.4
Total	250,751	8.3	30,482	0.9

Note:

(1) Other businesses include short plays business and SaaS service.

Our gross profit consists of our revenue less cost of sales. The Group recorded gross profit of RMB250.75 million in 2023, representing an increase of 722.6% as compared to the gross profit of RMB30.48 million in 2022.

Gross profit margin represents gross profit divided by total revenue, expressed as a percentage. Gross profit margin increased from 0.9% in 2022 to 8.3%, which was mainly due to the Group's substantial stabilization and improvement of profitability through improving operational efficiency, optimizing cost structure, flexibly responding to market demand, strengthening risk management and in-depth cooperation with quality customers.

FINANCIAL REVIEW (Continued)

Other Income and Gains

Our other income and income decreased from RMB55.36 million for the year ended December 31, 2022 to RMB38.16 million for the year ended December 31, 2023, mainly including the amount of value-added tax plus deduction and government subsidies enjoyed by the Group for the whole year. The reason for this year's decrease is that the amount of value-added tax plus deduction is less than that in 2022.

Selling and Distribution Expenses

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

Our selling and distribution expenses increased from RMB12.34 million in 2022 to RMB91.32 million in 2023, which was mainly due to the initial increase in the cost of the Company's new business model and the need for a large amount of publicity expenses to acquire users for new businesses such as e-commerce and short plays.

General and Administrative Expenses

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

Our administrative expenses gradually increased from RMB67.97 million for the year ended December 31, 2022 to RMB96.12 million for the year ended December 31, 2023, which was mainly caused by expanding the Company's business, optimizing the operation and management mode and increasing the number of managers.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net represent provisions of impairment of trade receivables, net of reversal. We recorded impairment losses on financial assets, net of RMB41.99 million in 2023, which was mainly attributable to the general provision made by us for the credit loss of trade receivables.

FINANCIAL REVIEW (Continued)

Research and Development Expenses

Our research and development expenses primarily comprise (i) employee benefit expenses; (ii) outsourcing development expenses; and (iii) others mainly consisting of server rental expenses. Our research and development expenses increased by 148.8% from RMB8.80 million for the year ended December 31, 2022 to RMB21.90 million for the year ended December 31, 2023, which was mainly attributable to the increase in the number of R&D projects, the number of R&D personnel and their average salary level.

Other Expenses

Our other expenses increased from RMB0.65 million for the year ended December 31, 2022 to RMB6.04 million for the year ended December 31, 2023, mainly due to exchange losses.

Finance Costs

Our finance costs decreased from RMB25.92 million for the year ended December 31, 2022 to RMB22.17 million for the year ended December 31, 2023. The increase in finance costs was mainly due to the decrease in the interest rate of bank loans, which led to a decrease of RMB7.97 million in the corresponding interest expenses of bank loans.

Income Tax Credit

For the year ended December 31, 2023, we recorded an income tax expense of RMB1.92 million, while the income tax credit for the year ended December 31, 2022 was RMB23.65 million, mainly due to the pre-tax profit of RMB9.41 million this year, an increase of RMB211.63 million compared with the previous year.

Profit for the Year

As a result of the above, our profit for the year ended December 31, 2022 was a loss of RMB178.57 million, while our profit for the year ended December 31, 2023 was a profit of RMB7.49 million. Our net loss margin for the year ended December 31, 2022 was 5.39% and our net profit margin for the year ended December 31, 2023 was 0.25%.

FINANCIAL REVIEW (Continued)

Non-IFRS Measure: Adjusted Net Profit

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

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

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

	Year ended December 31,	
	2023	2022
	(RMB in millions)	
Net (loss)/profit for the year	**7.49**	(178.57)
Add:		
Share-based compensation	**13.50**	4.07
Foreign exchange differences	**2.05**	(0.98)
Income tax expense	**1.92**	(23.65)
Adjusted net (loss)/profit[1]	**24.96**	(199.13)

Note:

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

FINANCIAL REVIEW (Continued)

Liquidity and Financial Resources

Our business operations and expansion plans require a significant amount of capital, including acquiring user traffic from online publishers, enhancing our content production capabilities, improving our big data analytics and AI capabilities, upgrading our proprietary DMP and other infrastructures as well as other working capital requirements. Historically, we financed our capital expenditure and working capital requirements mainly through cash generated from operations, bank and other borrowings, and capital contributions from shareholders of the Company (the "**Shareholders**"). As at December 31, 2022 and 2023, our cash and bank balances significantly increased from RMB290.81 million to RMB363.61 million, mainly due to the expansion of business scale, which was supplemented by working capital.

The table below sets out our cash and bank balance as of December 31, 2023 and December 31, 2022, respectively:

	2023 **RMB'000**	2022 RMB'000
Cash and bank balance	**363,605**	290,807
Denominated in RMB	**363,417**	217,589
Denominated in HKD	**56**	364
Denominated in USD	**132**	72,854
	363,605	290,807

As at December 31, 2023, our bank loans amounted to approximately RMB414.94 million (as at December 31, 2022: approximately RMB574.73 million). Our bank loans are denominated in RMB. The interest rates on our bank loans ranged from 2.30% to 4.30% (for the year ended December 31, 2022: 3.55% to 4.85%) per annum and the terms of the loans ranged from three months to one year. We will repay the above borrowings in due course on maturity.

FINANCIAL REVIEW (Continued)

Capital Expenditures

Our capital expenditures in 2023 primarily consists of expenditures on (i) property, plant and equipment for office equipment and leasehold improvement; and (ii) intangible assets for software and the user right of a website.

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

	As at December 31, 2023	2022
	(RMB in millions)	
Property, plant and equipment	**21.52**	1.55
Intangible assets	**9.50**	16.29
Total	**31.02**	17.84

We incurred capital expenditures of approximately RMB31.02 million for the year ended December 31, 2023, primarily related to office building, office furniture and decoration as well as purchases of servers, software and website. We intend to fund our planned capital expenditures through cash generated from operations.

Pledge of Assets

As of December 31, 2023, the Group's inventory with a total book value of approximately RMB5.39 million (2022: Nil) has been pledged to guarantee other loans granted to the Group. The trade receivables of some customers of the Group have been pledged to guarantee the trade payables of approximately RMB150.00 million granted to the Group (2022: Nil).

Foreign Exchange Risk Management

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

Contingent Liabilities

As of December 31, 2023, we did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

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

During the Reporting Period, the Group did not acquire or sell subsidiaries, associates and joint ventures. As of December 31, 2023, the Group did not hold any significant investments.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Xu Jiaqing (徐佳慶), aged 36, is the chairman of the Board, an executive Director, a vice president and the chief marketing officer of the Company. He is primarily responsible for overseeing daily operation and management and the implementation of the business plans of the Group.

Mr. Xu has an in-depth understanding of the industry where the Group operates with almost 13 years of working experience both inside and outside the Group and has accumulated extensive experience in the daily operation and management of the Group. From July 2012 to November 2013, Mr. Xu served as the general marketing manager of Netjoy Network in charge of overall planning of marketing strategies and management of sales operation. Mr. Xu has held directorship at Netjoy Network since October 2015, and has been its vice general manager since September 2017 and its chairman of the board and the legal representative since November 2018. Apart from holding positions in Netjoy Network, Mr. Xu also served as the chief operating officer of Letui (Shanghai) Culture Broadcast Co., Ltd. from the date of its establishment in December 2013 and has been its director since June 2019. In addition, Mr. Xu has been the executive director or general manager of several subsidiaries within the Group, including Quantum Culture Media since June 2017, Qizheng Culture since May 2019, Letui Information since August 2019, Yunxiang Information since August 2019, Guomeng Internet since December 2019 and Letui Zhixiao since January, 2020, respectively. Prior to joining the Group, Mr. Xu worked at Shanghai Ruichuang Network Technology Co., Ltd. (上海瑞創網絡科技有限公司), a company primarily engaging in internet advertising business, from September 2010 to June 2012.

Mr. Xu graduated with a college's degree in printing technology from Shanghai Publishing and Printing College (上海出版印刷高等專科學校) in July 2009.

Mr. Wang Chen (王晨), aged 46, is an executive Director and the chief executive officer of the Company. He is primarily responsible for developing overall corporate and business strategies of the Group and making significant business and operational decisions of the Group.

With almost 13 years of industry experience, Mr. Wang has gained in-depth understanding of the industry where the Group operates and accumulated rich management experience. Mr. Wang joined the Group in February 2013 and had served as the vice general manager of Netjoy Network until June 2015. He subsequently has been the general manager and a director of Netjoy Network since June 2015 and October 2015, respectively. Prior to joining the Group, Mr. Wang acted as the business development director of Baixing Net, a company listed on the NEEQ (NEEQ: 836012) which is one of the largest classified information platforms in the PRC in provision of local information to consumers and marketing resolutions to merchants, from November 2010 to January 2013, in charge of advertising management and business cooperation with media partners and management of local channel sales representative network. He also worked at Microsoft (China) Co., Ltd. (微軟(中國)有限公司) and its Shanghai Minhang Branch from September 2004 to November 2010, with his last position as partner technical advisory (PTA) (Level II), primarily responsible for providing technical support, action plan and analysis services to the partners of Microsoft. Mr. Wang also worked at Beijing Xander Technology Co., Ltd. (北京建達藍德科技有限公司) previously.

DIRECTORS (Continued)

Executive Directors (Continued)

Mr. Wang graduated with a bachelor's degree in engineering from Beijing University of Technology (北京工業大學) in July 2000. He was certified as a PMP (Project Management Professional) by Project Management Institution in the U.S. from June 2006 to June 2010, a Microsoft Certified Database Administrator and a Microsoft Certified Systems Engineer by Microsoft Incorporation in September 2002 and January 2006, respectively. He also obtained Google Analytics Individual Qualification in February 2011 accredited by Google Testing Center. Mr. Wang graduated with an EMBA degree from Tsinghua University (清華大學) in June 2021.

Mr. Lin Qian (林芊), aged 41, is an executive Director and the chief financial officer of the Company. He is mainly responsible for the Group's internal financial, legal, administrative, and other operations and management affairs, as well as external capital market operation and strategic investment strategy formulation.

Mr. Lin has 7 years of enterprise operation management experience and more than 11 years of capital operation and project merger and acquisition management experience and he is also familiar with capital markets in China and abroad and is proficient in capital operations. Mr. Lin joined the Group in 2021 and has been serving as the chief financial officer of the Company since July 2021. Prior to joining the Group, Mr. Lin worked at A8 New Media Group Limited (a company listed on the main board of the Stock Exchange, stock code: 00800.HK) as the chief financial officer from September 2016 to July 2021, and as an executive director from April 2017 to July 2021. He served as a director at CVCapital (投中資本) from June 2014 to August 2016 and a business director of the investment banking department at Hua Tai United Securities Co., Ltd. (華泰聯合證券有限公司) from May 2011 to June 2014. He was an investment manager at Shanghai Dong Fang Hui Jin (上海東方惠金文化產業投資有限公司) from October 2009 to May 2011 and a senior auditor at Ernst & Young from October 2006 to October 2009.

Mr. Lin graduated from Imperial College London in 2006 with a bachelor's degree in materials science and engineering.

Ms. Zha Lijun (查麗君), aged 38, is an executive Director of the Company. Ms. Zha joined the Group in 2013 and currently serves as the Senior Vice President of the Company. Prior to joining the Group, Ms. Zha served as a sales director of Shanghai Zhihe Electronic Technology Co., Ltd. (上海志荷電子科技有限公司) from September 2010 to June 2013. She also served as a sales director of Shanghai Shangquan Optical Fiber Communication Equipment Co., Ltd. (上海上詮光纖通信設備有限公司) from August 2007 to August 2010.

Ms. Zha graduated from Anhui Vocational and Technical College in July 2007, majoring in fabric computer aided design. She starts her EMBA program at Cheung Kong Graduate School of Business on May 30, 2023.

DIRECTORS (Continued)

Non-executive Directors

Mr. Dai Liqun (戴立群), aged 47 with the former name as Dai Liqun (代立群), is a non-executive Director of the Company. He is primarily responsible for providing strategic advice and making recommendations on corporate operation and development of the Group. Mr. Dai is the spouse of Ms. Peng Ting, a vice president and a company secretary of the Company.

Mr. Dai joined the Group in October 2015 and has been a director of Netjoy Network since then. He has also been an executive director of Letui Culture since December 2013 and its chairman of the board since July 2019. Prior to joining the Group, Mr. Dai served as the technical director of Shanghai Yungang Tonghui Visual Art Design Co., Ltd. (上海雲罡同匯視覺藝術設計有限公司) from July 2008 to November 2013 and Shanghai Look Visual Art Design Co., Ltd. (上海路可視覺藝術設計有限公司) from June 2005 to June 2008, respectively, in charge of overall management of product research and development.

Mr. Dai graduated with a college's degree in automobile application engineering from Wuhan University of Technology (武漢理工大學) (formerly named as Wuhan Automotive Industry University (武漢汽車工業大學)) in June 1997.

Mr. Wang Jianshuo (王建碩), aged 46, is a non-executive Director of the Company. He is primarily responsible for providing strategic advice and making recommendations on corporate operation and development of the Group.

With more than 23 years of internet industry related working experience, Mr. Wang gathered substantial knowledge and experience in the area where the Group operates. He joined the Group in June 2018 and has been a director of Netjoy Network since then. Prior to that, Mr. Wang has been the chairman of the board of Baixing Net, a company listed on the NEEQ (NEEQ: 836012) which is one of the largest classified information platforms in the PRC in provision of local information to consumers and marketing resolutions to merchants, since August 2015. Mr. Wang previously served as an executive director of Baixing Net from September 2005 to August 2015. From June 1999 to March 2005, Mr. Wang worked at Microsoft (China) Co., Ltd. Shanghai Branch (微軟(中國)有限公司上海分公司) with his last position as the project manager.

Mr. Wang graduated with a bachelor's degree in automation from Shanghai Jiao Tong University (上海交通大學) in July 1999.

DIRECTORS (Continued)

Independent Non-executive Directors

Mr. Chen Changhua (陳長華), aged 44, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Mr.Chen has been the chief financial officer of Shanghai Zhiduo Fish Information Technology Co.,Ltd. (上海智多魚信息科技有限公司) from May 2022. He was mainly responsible for the company's finance sector. Mr. Chen has held directorship at Guofu Life Insurance Co., Ltd. (國富人壽保險股份有限公司) from June 2018 to June 2020. He has extensive experience in accounting and financial management. Mr. Chen has been the chief financial officer of financial service platform (金融服務平台) in Tianjin Sankuai Technology Co., Ltd. (天津三快科技有限公司), a subsidiary of Meituan Dianping (美團點評) (stock code: 3690), since April 2018, primarily responsible for financial analysis. Prior to that, he served as the senior director of Vipshop (China) Co., Ltd. (唯品會（中國）有限公司) from October 2011 to April 2018, whose holding company, Vipshop Holdings Limited, is listed on the New York Stock Exchange (stock code: VPIS), primarily responsible for financial analysis. Mr. Chen also served as the audit manager at Deloitte Touche Tohmatsu CPA Ltd. (德勤華永會計師事務所有限公司) from July 2005 to November 2011.

Mr. Chen graduated with a bachelor's degree in marketing from Dalian Maritime University (大連海事大學) in July 2002. He further obtained a master's degree in industrial economics from Shanghai University (上海大學) in April 2005, and a master's degree in business administration from University of Southern California in August 2016, respectively. Mr. Chen was admitted as a member of Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in April 2012, and was licensed as a certified public accountant by the Board of Accountancy of Washington in the U.S.

Dr. Ru Liyun (茹立雲), aged 44, is an independent non-executive Director of the Company. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Dr. Ru has almost 18 years of experience in internet technology industry. From July 2005 to June 2018, Dr. Ru held various positions within the group of Sogou Inc., a company listed on the New York Stock Exchange (NYSE stock code: SOGO), with his last position as the chief operational officer of Sogou Inc. He also served as a strategic counsel of Beijing Sogou Information Service Co., Ltd. (北京搜狗資訊服務有限公司) from June 2018 to May 2019. He founded Beijing Grape Intelligence Technology Co., Ltd. (北京葡萄智學科技有限公司) in March 2018 and has been its executive director, chief executive officer and chief science officer since then.

Dr. Ru majored in computer science and technology in Tsinghua University (清華大學) and obtained a bachelor's degree in July 2002, a master's degree in July 2005, and a doctoral degree through a program of work in January 2014. Dr. Ru received several awards and recognitions, including Top 50 of Chinese Business Innovation (中國商業創新50人) and Award of Technology Innovator (技術創新者獎) honored by CBN weekly (第一財經週刊) in February 2013, First Prize of Beijing Science and Technology Award (北京市科學技術獎一等獎) honored by Beijing Municipal People's Government (北京市人民政府) in December 2015 and in November 2017, respectively, and CCF Outstanding Engineer Award (中國計算機學會傑出工程師獎) honored by China Computer Federation (中國計算機學會) in December 2017.

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Ms. Cui Wen (崔雯), aged 61, is an independent non-executive Director of the Company. She is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Ms. Cui has spent almost 30 years working at various multinational and domestic corporations dedicating human resources ("**HR**") area. As the founding member, she has been a director, the general manager and a consultant of Xceed OD Consulting Co. Ltd. (惜德組織發展諮詢有限公司) since December 2013. From June 2014 to February 2018, Ms. Cui served as a member of the executive committee and the dean of seeding college (種子院) of Envision Energy (Jiangsu) Co. Ltd. (遠景能源(江蘇)有限公司) (subsequently renamed as Envision Energy Co. Ltd. (遠景能源有限公司). She also served as the chief officer of organizational development of Uniplan (Shanghai) Co., Ltd. (德商優尼博覽諮詢(上海)有限公司) from March 2013 to October 2013, and the chief operational officer of Baixing Net from September 2011 to February 2013. Prior to that, Ms. Cui held HR related positions in certain corporations, including the U.S. headquarters of Nike Inc. as the global HR business partner from December 2009 to June 2011, Nike Sports (China) Co., Ltd. (耐克體育(中國)有限公司) as the greater China HR director from January 2006 to November 2009, Shanghai Roche Pharmaceutical Co. Ltd. (上海羅氏製藥有限公司) as the China HR director from August 2002 to December 2005, Reckitt Benckiser (China) Co. Ltd. (利潔時(中國)有限公司) as the China HR director from April 1997 to July 2002, and Xian-Janssen Pharmaceutical Co. Ltd. (西安楊森製藥有限公司), as the HR supervisor and compensation supervisor from April 1991 to March 1997.

Ms. Cui graduated from Xi'an University (西安大學) majored in industrial electrical automation in July 1984 and obtained a bachelor's degree in industrial electrical automation from Xi'an University of Technology (西安理工大學) (formerly known as Shaanxi Institute of Mechanical Engineering (陝西機械學院)) in January 1985. She graduated with a master's degree in philosophy from Nottingham Trent University in March 2015. She was recognised as the China's 15 people in 15 years (中國15年15人) by Wolters Kluwer in 2012. Ms. Cui successfully completed the requirements for the Stakeholders Centered Coaching by Marshall Goldsmith Coaching Certification Program and became a certified coach in October 2012. She has been appointed by Shanghai Vistage Management Consulting Co., Ltd. (上海偉仕達管理諮詢有限公司) as an executive coach since February 2018.

SENIOR MANAGEMENT

Mr. Xu Jiaqing, Chairman of the Board, executive Director, vice president and chief marketing officer of the Company. Please refer to the section headed "Executive Directors" in this section.

Mr. Wang Chen, executive Director and chief executive officer of the Company. For the biographical details of Mr. Wang, please refer to the section headed "Executive Directors" in this section.

Mr. Lin Qian, executive Director and the chief financial officer of the Company. For the biographical details of Mr. Lin, please refer to the section headed "Executive Directors" in this section.

Ms. Peng Ting (彭婷), aged 46, is a vice president and a company secretary of the Company. She is primarily in charge of the corporate governance, compliance matters and regulatory communications of the Group. Ms. Peng Ting is the spouse of Mr. Dai Liqun, one of our non-executive Directors.

Ms. Peng has more than ten years of experience in corporate governance and management. From November 2012 to October 2015, Ms. Peng served as the business manager and the marketing director of Netjoy Network. After that, she has been the company secretary to the board and the vice president of public service department of Netjoy Network. Ms. Peng has also held various positions in certain subsidiaries within the Group, including the legal representative and the executive director of Yunxiang Entertainment since August 2018, the supervisor of Qizheng Culture, Letui Information and Guomeng Internet since May 2019, August 2019, and December 2019, respectively. Prior to joining the Group, Ms. Peng worked at Shanghai Chendi Electronic Technology Co., Ltd. (上海辰迪電子科技有限公司), where she acted as the business manager from June 2011 to October 2012, and was primarily responsible for the development of business cooperation and communication and relationship maintenance with business partners.

Ms. Peng graduated with a college's degree in business administration through a long distance learning program from Changsha Industry Employees University (長沙工業職工大學) in January 2019. She was certified as a company secretary to board by NEEQ in May 2017 and by Shenzhen Stock Exchange in August 2016, respectively. Ms. Peng graduated from the Open University of China (國家開放大學) in July 2022 with a bachelor's degree in Business administration (undergraduate from Junior College).

Directors' Report

The Board of Directors is pleased to present this directors' report and the audited consolidated financial statements of the Group for the Reporting Period.

GLOBAL OFFERING

The Company is a limited liability company incorporated in the Cayman Islands on March 29, 2019. The Shares have been listed and traded on the Main Board of the Stock Exchange since December 17, 2020. In 2022, the Group fully used the net proceeds from the Global Offering.

PRINCIPAL ACTIVITIES

The Company is a leading short video marketing solutions provider in China. The business of the Company is mainly based on three business segments. The online marketing solutions business segment provides integrated services and advertising distribution services for advertisers and advertising agencies. The Software as a Service (SaaS) segment provides customers with platform subscription and advertising services through its one-stop short video programmatic advertising and data management platform, Tradeplus. Other business segments include live broadcasting, pan – entertainment business and exhibition business. The analysis of the Group's revenue and contribution to the results by business segment for the year ended December 31, 2023 is set out in Note 5 to the consolidated financial statements.

RESULTS

The results of the Group during the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 147 of this annual report.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ending December 31, 2023 (December 31, 2022: Nil). No shareholder waives or agrees to waive any dividend arrangement.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "**AGM**") held on Monday, June 24, 2024, the register of members of the Company will be closed from Wednesday, June 19, 2024 to Monday, June 24, 2024 (including the first and last two days), during which no transfer of Shares will be registered. To qualify for attending and voting at the AGM, Shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, June 18, 2023 for registration of the relevant transfer.

BUSINESS REVIEW

The review of the Group's business during the Reporting Period and the discussion on future business development are set out in the section headed "Management Discussion and Analysis" on pages 9 to 29 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Due to the nature of its business, the Group does not produce any hazardous substances or pollutants in the course of business operation. During the Reporting Period, the Group did not incur any expenses for any failure of compliance with applicable environmental laws and regulations.

The environmental, social and governance report of the Company in accordance with Appendix C2 to the Listing Rules is set out on pages 108 to 141 of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is subject to various PRC laws and regulations in the course of daily operation. For details, please refer to the section headed "Regulatory Environment" of the Prospectus.

During the Reporting Period, the Group was not involved in any non-compliance incidents that resulted in fines, enforcement actions or other penalties to the Group which, in turn, may individually or as a whole have a material adverse impact on the Group's business, financial conditions or operating results, and the Group had complied with applicable PRC laws and regulations in all material aspects.

MAIN RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group believes that its success depends on the support of key stakeholders, including employees, customers and suppliers.

Employees

As of December 31, 2023, the Group had 351 full-time employees, including 308 in Shanghai, 23 in Xi'an, 12 in Beijing and 8 in Xinjiang.

The Group believes that the Group has always maintained a good relationship with its employees. The employees of the Group have not participated in any labor union. As of December 31, 2023, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on the Group's business.

The Group's employees typically enter into standard employment contracts with the Group. The Group places high value on recruiting, training and retaining its employees. The Group maintains high recruitment standards and provides competitive compensation packages. Remuneration packages for the Group's employees mainly comprise base salary and bonus. The Group also provides both in-house and external trainings for its employees to improve their skills and knowledge. For the year ended December 31, 2023, total staff remuneration expenses including Directors' remuneration amounted to RMB121.19 million.

The Group contributes to social security insurance and housing provident funds for its employees in accordance with applicable PRC laws, rules and regulations in all material aspects. We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development. Details of the Post-IPO Share Option Scheme,the Restricted Share Unit Scheme,the Amended Post-IPO Share Option Scheme and the Share Award Scheme are set out in the sections headed "Post-IPO Share Option Scheme", "Restricted Share Unit Scheme", "Amended Post-IPO Share Option Scheme" and "Share Award Scheme" of this directors' report and Note 28 to the consolidated financial statements in this annual report.

MAIN RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS (Continued)

Customers

The Group's customers primarily include (i) advertisers and advertising agencies for online marketing solutions; and (ii) individuals for short plays and e-commerce distribution. As of December 31, 2023, the Group had accumulatively served approximately 4,145 key advertisers. The Group has maintained business relationships with top five customers for 2 to 5 years (as of December 31, 2023). The Group generally grants customers a credit period of 30 to 180 days, and settles with customers by wire transfer. The Group occasionally requires certain advertising customers to prepay for the Group's online marketing solutions.

Suppliers

The Group's suppliers primarily include (i) media partners, consisting of online publishers (namely, owners of content distribution platforms) and media agents which engage with the Group on behalf of online publishers, for traffic acquisition; and (ii) third-party content distribution partners which conduct content marketing for and bring traffic to the Group's Huabian Platform. The Group has maintained business relationships with top five suppliers for 1 to 6 years (as of December 31, 2023). The suppliers of the Group generally settle with the Group via wire transfer and grant the Group a credit period from 30 to 90 days. Certain suppliers also require for prepayment for acquiring traffic.

MAIN RISKS AND UNCERTAINTIES

Some of the main risks faced by the Group included:

- The Group acted as a middleman between advertising customers and Supplier A and relied on Supplier A to acquire user traffic for the Group's advertisers. If the Group fails to maintain its business relationship with Supplier A or if Supplier A loses its leading market position or popularity, the Group's business, financial condition and results of operations could be materially and adversely affected.

- If the Group fails to retain the existing advertising customers, deepen or expand its relationships with the advertising customers, or attract new advertising customers, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

- If the Group fails to retain the existing media partners, deepen or expand its relationships with the media partners, or attract new media partners, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

- If online publishers transact with advertisers directly, the Group may be exposed to the risk of disintermediation.

MAIN RISKS AND UNCERTAINTIES (Continued)

- If the Group fails to acquire new visitors or retain existing visitors for the Huabian Platform, or if visitor engagement on the Group's platform declines, the Group's business, results of operations and financial condition may be materially and adversely affected.

- Increased governmental regulation of content platforms may subject the Group to penalties and other administrative actions.

- If the online marketing industry fails to continuously develop and grow, or if the online marketing industry develops or grows at a pace slower than expected, the Group's profitability and prospects may be materially and adversely affected.

- Any discontinuation or change in preferential tax treatment or government grants that currently are or may be available to the Group in the future could materially and adversely affect the Group's business, financial condition and results of operations.

- The Group may face certain risks in collecting its trade receivables, and the failure to collect could have a material adverse effect on the Group's business, financial condition and results of operations.

- The Group has recorded negative cash flow from operating activities and may be subject to liquidity risks, which could constrain the Group's operational flexibility and materially and adversely affect the Group's business, financial condition and results of operations.

FINANCIAL SUMMARY

The summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF THE NET PROCEEDS FROM THE GLOBAL OFFERING

In 2022, the Group fully used the net proceeds from the Global Offering.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the section headed "Material Acquisition, Disposal of Subsidiaries, Associates and Joint Ventures and Significant Investment" in this report, the Group did not have any other future plans for material investment and capital assets as of the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Period, the transaction amount with the top five customers of the Group accounted for 24.2% of the total revenue of the Group as compared to 27.4% in 2022, and the transaction amount with the single largest customer of the Group accounted for 8.6% of the total revenue of the Group as compared to 11.2% in 2022.

Major Suppliers

During the Reporting Period, the transaction amount with the top five suppliers of the Group accounted for 87.49% of the total purchases of the Group during the Reporting Period as compared to 92.05% in 2022, and the transaction amount with the single largest supplier of the Group accounted for 35.83% of the total purchases of the Group as compared to 28.5% in 2022.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholders who, to the knowledge of the Directors, own more than 5% of the number of issued shares of the Company, had an interest in the top five customers or suppliers of the Group.

PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, details of the changes in the property, plant and equipment of the Company and the Group are set out in Note 13 to the consolidated financial statements in this annual report.

SHARE CAPITAL

During the Reporting Period, the details of the changes in the Company's share capital are set out in Note 27 to the consolidated financial statements in this annual report.

RESERVES

The details of the changes in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 150 of this annual report.

DISTRIBUTABLE RESERVE

During the Reporting Period, the distributable reserve of the Company amounted to approximately RMB1,432.99 million (as at December 31, 2022: RMB1,411.32 million).

TAX CREDIT

The Directors are not aware of any tax credit available to the Shareholders by reason of their holding of the Company's securities.

BANK BORROWINGS AND OTHER BORROWINGS

Details of the bank borrowings and other borrowings of the Company and its subsidiaries during the Reporting Period are set out in Note 25 to the consolidated financial statements in this annual report.

DIRECTORS

During the Reporting Period and up to the date of this annual report, the Directors are as follows:

Executive Directors:

Mr. Xu Jiaqing *(Chairman)*
Mr. Wang Chen *(Chief Executive Officer)*
Mr. Lin Qian *(Chief Financial Officer)*
Ms. Zha Lijun

Non-Executive Directors:

Mr. Dai Liqun
Mr. Wang Jianshuo

Independent Non-Executive Directors:

Mr. Chen Changhua
Dr. Ru Liyun
Ms. Cui Wen

Pursuant to Article 109(a) of the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or 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 those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Pursuant to Article 113 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a vacancy or as an additional Director, provided that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders at the AGM. Any Director appointed by the Board to fill a casual vacancy or to join the present Board shall hold office only until the first AGM of the Company after his appointment and shall be eligible for re-election. Any Director appointed under this Rule shall not be taken into account when deciding the number of directors or directors who at prepared to retire by rotation at the AGM of the Company.

Accordingly, Mr. Xu Jiaqing, Mr. Lin Qian and Dr. Ru Liyun will retire by rotation at the AGM and, being eligible, have offered themselves for re-selection at the AGM.

DIRECTORS AND SENIOR MANAGEMENT

The details of the biographies of Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 30 to 35 of this annual report.

CHANGE IN DIRECTORS' INFORMATION

Save as disclosed in this report, the Directors, including the chief executive officer, confirm that there has been no change in any Director's information, including the chief executive officer's information, since the publication of the 2023 interim report up to the date of this report that is required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation from each of the independent non-executive Directors confirming their independence under Rule 3.13 of the Listing Rules, and the Company considers that all independent non-executive Directors are independent throughout the Reporting Period and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of Mr. Xu and Mr. Wang, being executive Directors, has entered into a service contract with the Company on November 17, 2020. Each service contract is for an initial term of three years commencing from the Listing Date, and automatically renewed after the expiration, and can be terminated by either party with not less than one month's written notice or according to the terms of the service contract. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Each of Mr. Lin Qian and Ms. Zha Lijun, being executive Directors, has entered into a service contract with the Company on March 31, 2022. Each service contract is for an initial term of three years commencing from March 31, 2022, and automatically renewed after the expiration, and can be terminated by either party with not less than one month's written notice or according to the terms of the service contract. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Each of Mr. Dai and Mr. Wang Jianshuo, being non-executive Directors, and Mr. Chen Changhua, Dr. Ru Liyun and Ms. Cui Wen, being independent non-executive Directors, has entered into a letter of appointment with the Company on November 17, 2020. Each letter of appointment is for an initial term of three years commencing from the Listing Date, and automatically renewed after the expiration, and can be terminated by either party with not less than one month's written notice or according to the terms of the letter of appointment. The letters of appointment may be renewed in accordance with the Memorandum and Articles of Association and the applicable laws, rules and regulations.

None of the Directors has entered into or intends to enter into any service contract with any member company of the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

CONTRACT WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed "Contractual Arrangements" of this directors' report and Note 1 and Note 32 to the consolidated financial statements in this annual report, for the year ended December 31, 2023, none of the Company or any of its subsidiaries entered into any contracts of significance with the Controlling Shareholder or any of its subsidiaries other than the Company, nor was there any contracts of significance between the Company or any of its subsidiaries and the Controlling Shareholder or any of its subsidiaries other than the Company in relation to provision of services during the Reporting Period.

DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Contractual Arrangements" of this directors' report and Note 1 and Note 32 to the consolidated financial statements in this annual report, for the year ended December 31, 2023, none of the Directors had, directly or indirectly, a material interest in any transaction, arrangement or contract to which the Company, any of its subsidiaries or fellow subsidiaries is a party and is of significance to the business of the Group.

MANAGEMENT CONTRACTS

For the year ended December 31, 2023, the Company has not signed or entered into any contract for the management and administration of the whole or any substantial part of its business.

REMUNERATION POLICY

The Remuneration Committee has been established with an aim to review the remuneration policies and remuneration structure of the Group for the Directors and senior management of the Company based on the Group's operating results, the personal performance of Directors and senior management of the Company, and comparable market practices.

Details of the remunerations of the Directors and the five highest paid individuals during the Reporting Period are set out in Note 8 and Note 9 to the consolidated financial statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEMES

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

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

Details of the Company's pension and employee benefit schemes are set out in Note 2.4 to the consolidated financial statements in this annual report.

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

As at December 31, 2023, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which have been entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interests in the Shares of the Company

Name of Director/ Chief executive	Nature of interest	Number of Shares	Approximate percentage of the total number of the Company's shares(2)
Mr. Wang(3)(4)(5)	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner/Trust beneficiary (except discretionary interests)	121,814,831 (L)	15.31%
Mr. Xu(6)(7)(8)	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner/Trust beneficiary (except discretionary interests)	104,282,288 (L)	13.11%
Mr. Dai(9)(12)	Founder of a discretionary trust/Interest in a controlled corporation	52,981,959 (L)	
	Interest of spouse	9,762,588 (L)	
		62,744,547 (L)	7.89%
Mr. Wang Jianshuo(10)	Interest in a controlled corporation	72,637,002 (L)	9.13%
Ms. Peng Ting(11)(12)	Beneficial owner	9,762,588 (L)	
	Interest of spouse	52,981,959 (L)	
		62,744,547 (L)	7.89%
Ms. Zha Lijun(13)(14)	Beneficial owner	11,028,075 (L)	1.81%
	Trust beneficiary (except discretionary interests)	3,350,000 (L)	
Mr. Lin Qian(15)(16)	Beneficial owner	5,116,926 (L)	
	Trust beneficiary (except discretionary interests)	1,210,000 (L)	
		6,326,926 (L)	0.80%

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

(i) Interests in the Shares of the Company (Continued)

Notes:

1. The letter "L" denotes a long position in these shares.

2. As at December 31, 2023, the Company had 795,658,000 issued shares in total.

3. Mr. Wang is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.

4. Mr. Wang has an interest in 7,800,000 relevant shares, which are Restricted Share Units granted under the Restricted Share Unit Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any callback mechanism.

5. Wang SPV is the Direct Holding SPV of The Longhills Trust, which is set up by Mr. Wang (as the economic settlor and the protector) and Derun Investments (as the settlor). Derun Investments is the Offshore Holding Company wholly owned by Mr. Wang. Therefore, Mr. Wang (as the founder of The Longhills Trust and the sole shareholder of Derun Investments) is deemed to be interested in the Shares directly held by Wang SPV by virtue of the SFO.

6. Mr. Xu is interested in 333,135 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.

7. Mr. Xu has an interest in 7,800,000 relevant shares, which are Restricted Share Units granted under the Restricted Share Unit Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any callback mechanism.

8. Xu SPV is the Direct Holding SPV of The FS Trust, which is set up by Mr. Xu (as the economic settlor and the protector) and Quantum Computing (as the settlor). Quantum Computing is the Offshore Holding Company wholly owned by Mr. Xu. Therefore, Mr. Xu (as the founder of The FS Trust and the sole shareholder of Quantum Computing) is deemed to be interested in the Shares directly held by Xu SPV by virtue of the SFO.

9. Dai SPV is the Direct Holding SPV of The RGRGU Trust, which is set up by Mr. Dai (as the economic settlor and the protector) and Global Awesomeness (as the settlor). Global Awesomeness is the Offshore Holding Company wholly owned by Mr. Dai. Therefore, Mr. Dai (as the founder of The RGRGU Trust and the sole shareholder of Global Awesomeness) is deemed to be interested in the Shares directly held by Dai SPV by virtue of the SFO.

10. Kijiji is a wholly-owned subsidiary of Baixing Net. Mr. Wang Jianshuo is entitled to exercise the voting rights attached to approximately 40.84% shares of Baixing Net which are directly held by himself and three entities (i.e. Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi). Each of Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi is a limited partnership established in the PRC, the sole general partner of which is Mr. Wang Jianshuo. Therefore, Baixing Net and Mr. Wang Jianshuo are deemed to be interested in the Shares directly held by Kijiji by virtue of the SFO.

11. Ms. Peng Ting, vice president and company secretary of the Company, is interested in 9,762,588 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.

12. Ms. Peng Ting is the spouse of Mr. Dai. Therefore, Ms. Peng and Mr. Dai are deemed to be interested in each other's interests by virtue of the SFO.

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

(i) Interests in the Shares of the Company (Continued)

Notes: (Continued)

13. Ms. Zha is interested in 11,028,075 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.

14. Ms. Zha has an interest in 3,350,000 relevant shares, which are Restricted Share Units granted under the Restricted Share Unit Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any callback mechanism.

15. Mr. Lin is interested in 1,210,000 underlying shares. Such underlying shares are Restricted Share Units granted under the Restricted Share Unit Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any callback mechanism.

16. Mr. Lin has an interest in 5,066,926 relevant shares, which may be allotted and issued to him upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.

(ii) Interests in associated corporation

Name of Director/ Chief executive	Nature of interest	Name of associated corporation	Attributable registered capital (RMB)	Approximate percentage
Mr. Wang	Beneficial interest	Netjoy Network	10,156,872	18.97%
	Beneficial interest	Tradeplus	2,000,000	40.00%
Mr. Xu	Beneficial interest	Netjoy Network	8,581,778	16.03%
Mr. Dai	Beneficial interest	Netjoy Network	5,992,656	11.20%
	Beneficial interest	Tradeplus	3,000,000	60.00%

On March 31,2022, Mr. Wang, Mr. Xu and Mr. Qin (the "**concerted action contracting party**") entered into a termination agreement for the concerted action agreement, and the concerted action arrangement between them was terminated by mutual consent, with effect from March 31, 2022. After the execution of the termination agreement, the parties acting in concert are no longer obliged (including) to act in concert by voting unanimously at the board meeting or shareholders' meeting of any member company of the Group (if applicable). As of the date of this report, Mr. Wang, Mr. Xu and Mr. Qin are not regarded as having each other's interests in Netjoy Network. For details, please refer to our announcement dated March 31, 2022.

Save as disclosed above, as of December 31, 2023, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which shall be entered in the register required to be kept pursuant to section 352 of the SFO, or which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

Except as disclosed in this annual report, the Company or its subsidiaries or Consolidated Affiliated Entities did not enter into any arrangement at any time during the Reporting Period to enable the Directors to acquire benefits by purchasing the shares or debentures of the Company or any other corporation, and no directors or their spouses or children under the age of 18 had been granted any right to subscribe for the equity or debt securities of the Company or any other corporation, or had exercised any such right.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at December 31, 2023, to the knowledge of the Directors, the following persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of shares	Approximate percentage of the total number of the Company's shares[(2)]
PraxisIFM Fiduciaries (Hong Kong) Limited[(3)(6)(9)(10)]	Trustee	315,997,070 (L)	39.72%
Mr. Wang[(4)(5)(6)]	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner	121,814,831 (L)	15.31%
Derun Investments[(6)]	Founder of a discretionary trust	113,796,307 (L)	14.30%
Wang SPV[(6)]	Beneficial owner	113,796,307 (L)	14.30%
Derun International[(6)]	Interest in a controlled corporation	113,796,307 (L)	14.30%
Mr. Xu[(7)(8)(9)]	Founder of a discretionary trust/Interest in a controlled corporation/Beneficial owner	104,282,288 (L)	13.11%
Quantum Computing[(9)]	Founder of a discretionary trust	96,149,153 (L)	12.08%
Xu SPV[(9)]	Beneficial owner	96,149,153 (L)	12.08%
FSS Investment[(9)]	Interest in a controlled corporation	96,149,153 (L)	12.08%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

Name of Shareholder	Nature of interest	Number of shares	Approximate percentage of the total number of the Company's shares[2]
Mr. Dai[10][12]	Founder of a discretionary trust/Interest in a controlled corporation	52,981,959 (L)	
	Interest of spouse	9,762,588 (L)	
		62,744,547 (L)	7.89%
Global Awesomeness[10]	Founder of a discretionary trust	52,981,959 (L)	6.66%
Dai SPV[10]	Beneficial owner	52,981,959 (L)	6.66%
Baxter Investment[10]	Interest in a controlled corporation	52,981,959 (L)	6.66%
Ms. Peng Ting[11][12]	Beneficial owner	9,762,588 (L)	
	Interest of spouse	52,981,959 (L)	
		62,744,547 (L)	7.89%
Kijiji[13]	Beneficial interest	72,637,002 (L)	9.13%
Baixing Net[13]	Interest in a controlled corporation	72,637,002 (L)	9.13%
Mr. Wang Jianshuo[13]	Interest in a controlled corporation	72,637,002 (L)	9.13%
Wutong Holding	Beneficial interest	46,200,666 (L)	5.81%
Jingheng Jianyong[14] (as defined below)	Beneficial interest	40,468,390 (L)	5.09%
Beijing Jingheng[14] (as defined below)	Interest in a controlled corporation	40,468,390 (L)	5.09%
Mr. Song Lingjie[14]	Interest in a controlled corporation	40,468,390 (L)	5.09%
Ms. Liu Yongyan[14]	Interest in a controlled corporation	40,468,390 (L)	5.09%
Schroders Plc[15]	Investment manager	87,470,000 (L)	10.99%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

1. The letter "L" denotes a long position in these shares.

2. As at December 31, 2023, the Company had 795,658,000 issued shares in total.

3. PraxisIFM Fiduciaries (Hong Kong) Limited (formerly known as PraxisIFM Nerine Fiduciaries (Hong Kong) Limited) is the trustee of the Family Trusts, the discretionary family trusts set up by Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai and Mr. Ru respectively. Therefore, PraxisIFM Fiduciaries (Hong Kong) Limited is deemed to be interested in the Shares directly held by Wang SPV, Xu SPV, Qin SPV, Dai SPV, and Ru SPV by virtue of the SFO.

4. Mr. Wang is interested in 218,524 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.

5. Mr. Wang has an interest in 7,800,000 relevant shares, which are Restricted Share Units granted under the Restricted Share Unit Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any callback mechanism.

6. Wang SPV is wholly owned by Derun International, which is in turn the holding vehicle of the Trustee of The Longhills Trust. The Longhills Trust is set up by Mr. Wang (as the economic settlor and the protector) and Derun Investments (as the settlor). Derun Investments is the Offshore Holding Company wholly owned by Mr. Wang. Therefore, each of Mr. Wang (as the founder of The Longhills Trust and the sole shareholder of Derun Investments), Derun Investments (as the founder of The Longhills Trust), Derun International (as the sole shareholder of Wang SPV) is deemed to be interested in the Shares directly held by Wang SPV by virtue of the SFO.

7. Mr. Xu is interested in 333,135 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to him upon the fully exercise of all the options granted to him under the Post-IPO Share Option Scheme.

8. Mr. Xu has an interest in 7,800,000 relevant shares, which are Restricted Share Units granted under the Restricted Share Unit Scheme, which are subject to the vesting schedule and are not subject to any performance targets or any callback mechanism.

9. Xu SPV is wholly owned by FSS Investment, which is in turn the holding vehicle of the Trustee of The FS Trust. The FS Trust is set up by Mr. Xu (as the economic settlor and the protector) and Quantum Computing (as the settlor). Quantum Computing is the Offshore Holding Company wholly owned by Mr. Xu. Therefore, each of Mr. Xu (as the founder of The FS Trust and the sole shareholder of Quantum Computing), Quantum Computing (as the founder of The FS Trust), FSS Investment (as the sole shareholder of Xu SPV) is deemed to be interested in the Shares directly held by Xu SPV by virtue of the SFO.

10. Dai SPV is wholly owned by Baxter Investment, which is in turn the holding vehicle of the Trustee of The RGRGU Trust. The RGRGU Trust is set up by Mr. Dai (as the economic settlor and the protector) and Global Awesomeness (as the settlor). Global Awesomeness is the Offshore Holding Company wholly owned by Mr. Dai. Therefore, Mr. Dai (as the founder of The RGRGU Trust and the sole shareholder of Global Awesomeness), Global Awesomeness (as the founder of The RGRGU Trust), Baxter Investment (as the sole shareholder of Dai SPV) is deemed to be interested in the Shares directly held by Dai SPV by virtue of the SFO.

11. Ms. Peng Ting, vice president and company secretary of the Company, is interested in 9,762,588 underlying shares. Such underlying shares are the relevant shares that may be allotted and issued to her upon the fully exercise of all the options granted to her under the Post-IPO Share Option Scheme.

12. Ms. Peng Ting is the spouse of Mr. Dai. Therefore, Ms. Peng and Mr. Dai are deemed to be interested in the interests of each other by virtue of the SFO.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

Notes: (Continued)

13. Kijiji is a wholly-owned subsidiary of Baixing Net. Mr. Wang Jianshuo, a non-executive Director, is entitled to exercise the voting rights attached to approximately 40.84% shares of Baixing Net which are directly held by himself and three entities (i.e. Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi). Each of Shanghai Xiangnong, Shanghai Paisen, and Shanghai Fangxi is a limited partnership established in the PRC, the sole general partner of which is Mr. Wang Jianshuo. Therefore, Baixing Net and Mr. Wang Jianshuo are deemed to be interested in the Shares directly held by Kijiji by virtue of the SFO.

14. Hangzhou Jingheng Jianyong Venture Capital Partnership (Limited Partnership) (杭州靜衡堅勇創業投資合夥企業(有限合夥)) ("**Jingheng Jianyong**") (formerly known as Hangzhou Jingheng Jianyong Equity Investment Partnership (Limited Partnership), is controlled by its general partner Beijing Jingheng Investment Management Co., Ltd. (北京靜衡投資管理有限公司) ("**Beijing Jingheng**"), which is in turn owned by Ms. Liu Yongyan (劉勇燕) as to 90%. Mr. Song Lingjie (宋靈潔) is a limited partner of Jingheng Jianyong holding approximate 41.96% (more than one third) interests therein. Therefore, Beijing Jingheng, Mr. Song Lingjie and Ms. Liu Yongyan are deemed to be interested in the Shares directly held by Jingheng Jianyong by virtue of the SFO.

15. These Shares are directly held by Schroder Investment Management North America Limited as to 3,535,000, Schroder Investment Management Limited as to 7,325,000, Schroder Investment Management (Hong Kong) Limited as to 68,999,000 and Schroder Investment Management (Singapore) Ltd as to 7,611,000, respectively. Schroder Investment Management North America Limited is direct wholly-owned by Schroder Investment Management Limited, each of Schroder Investment Management (Hong Kong) Limited, Schroder Investment Management (Singapore) Ltd and Schroder Investment Management Limited is direct wholly-owned by Schroder International Holdings Limited, which is indirect wholly-owned by Schroder Administration Limited. Schroder Administration Limited is indirect wholly-owned by Schroders Plc, therefore Schroders Plc is deemed to be interested in these Shares by virtue of the SFO.

Save as disclosed above, as at December 31, 2023, to the knowledge of the Directors, no other persons (not being Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or which shall be entered in the register referred to in section 336 of the SFO.

POST-IPO SHARE OPTION SCHEME

The Company has adopted the Post-IPO Share Option Scheme approved by a written resolution passed by the then Shareholders on November 17, 2020 and has taken effect from the Listing Date.

(a) Purpose of the Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Selected participants to the Post-IPO Share Option Scheme

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes is 80,000,000, being no more than 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**") (excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Post-IPO Share Option Scheme). As of the date of this Report, it accounts for about 10.05% of all issued shares (i.e. 795,658,000 shares). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

(d) Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholders (with such selected participant and his associates abstaining from voting).

POST-IPO SHARE OPTION SCHEME (Continued)

(e) Options granted to Directors or substantial shareholders

Each grant of options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled 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% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options shall be subject to prior approval of the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, the Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. The relevant selected participants, their associates, and all core connected persons of the Company shall abstain from voting 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 to be sent to the Shareholders in connection therewith.

(f) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(g) Vesting period

According to the requirements of the Listing Rules, the vesting period of share options granted to participants shall not be less than 12 months. The specific vesting period shall be decided by the Board at its discretion when granting.

POST-IPO SHARE OPTION SCHEME (Continued)

(h) Notice of offer and share option grant

The offer must be made to the selected participants in duplicate, specifying the terms of the grant of options. These terms may include any minimum term in which the share options must be held and/or the minimum target performance that must be achieved before the share options can be exercised in whole or in part, and may also include other terms imposed on individual or general situations at the discretion of the Board.

If the Company receives a copy of the letter of offer (which contains the number of shares accepted) signed by the grantee within 20 business days after sending the letter of offer to the grantee, together with the remittance of HK$ 1.00 paid to the Company as the consideration for the share option granted, the offer will be deemed to have been accepted, and the share options related to the offer will be deemed to have been granted and become effective.

Any offer can be accepted for less than the number of shares it offers, provided that the shares accepted are one or more tradable shares. If the offer is not accepted within 20 business days after the date of sending the letter containing the offer to the relevant selected participants, it is deemed to have been irrevocably rejected.

(i) Subscription price

The amount payable for each Share to be subscribed for under an option (the "**Subscription Price**") in the event of the option being exercised shall be determined by the Board in its absolute discretion but shall be not less than the higher of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

(j) Duration

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Post-IPO Share Option Scheme), but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Post-IPO Share Option Scheme.

On November 17, 2020, the Post-IPO Share Option Scheme was replaced by the Amended Post-IPO Share Option Scheme (as defined below), but the options granted under the Post-IPO Share Option Scheme will continue to be valid. As of December 31, 2023, the remaining term of the Post-IPO Share Option Scheme is approximately 7 years.

POST-IPO SHARE OPTION SCHEME (Continued)

(k) Implementation of Post-IPO Share Option Scheme during the Reporting Period

On July 17, 2023 (after trading hours), the Company decided to grant options to a total of twenty-two (22) eligible participants under the Post-IPO Share Option Scheme (the "**Options**"), and to subscribe for a total of 63,514,812 shares, with an exercise price of HK$0.816 per share, accounting for about 7.9827% of the total issued shares as at December 31, 2023. For details, please refer to the announcement of the Company dated July 17,2023 and the circular of the Company dated July 31, 2023.

The option is valid for ten (10) years from the date of grant (i.e. July 17, 2023). The share options shall vest according to the following schedule (for this purpose, the vesting date of the share options), but the grantee shall achieve the performance target on each vesting date.

Vesting Date	Percentage of share options to vest
July 31,2024	Approximately one-third of the total number of Share Options granted
July 31,2025	Approximately one-third of the total number of Share Options granted
July 31,2026	Approximately one-third of the total number of Share Options granted

Details of valuation of the Share Options during the Reporting Period, including the accounting standard and policy adopted for the Post-IPO Share Option Scheme are set out in Note 28 to the consolidated financial statements in this annual report.

POST-IPO SHARE OPTION SCHEME (Continued)

(k) Implementation of Post-IPO Share Option Scheme during the Reporting Period (Continued)

Particulars and movements of the Share Options granted to the Directors, chief executive, senior management and other employees of the Group in under the Post-IPO Share Option Scheme during the Reporting Period are as follows.

Name of grantee[1]	Date of grant	Vesting Date[2][3]	Exercise price per Share (HKD)	Number of Shares subject to outstanding options as at January 1, 2023	Granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Number of Shares subject to outstanding options as at December 31, 2023
Director									
Mr. Wang	January 27, 2022	January 27, 2022	2.462	72,841	–	–	–	–	72,841
		January 14, 2023	2.462	72,841	–	–	–	–	72,841
		January 14, 2024	2.462	72,842	–	–	–	–	72,842
Mr. Xu	January 27, 2022	January 27, 2022	2.462	111,045	–	–	–	–	111,045
		January 14, 2023	2.462	111,045	–	–	–	–	111,045
		January 14, 2024	2.462	111,045	–	–	–	–	111,045
Ms. Zha Lijun	January 27, 2022	January 27, 2022	2.462	49,420	–	–	–	–	49,420
		January 14, 2023	2.462	49,420	–	–	–	–	49,420
		January 14, 2024	2.462	49,421	–	–	–	–	49,421
	July 17, 2023	July 31, 2024	0.816	–	3,626,604	–	–	–	3,626,604
		July 31, 2025	0.816	–	3,626,604	–	–	–	3,626,604
		July 31, 2026	0.816	–	3,626,606	–	–	–	3,626,606
Mr. Lin Qian	July 17, 2023	July 31, 2024	0.816	–	1,688,975	–	–	–	1,688,975
		July 31, 2025	0.816	–	1,688,975	–	–	–	1,688,975
		July 31, 2026	0.816	–	1,688,976	–	–	–	1,688,976
Vice President and Company Secretary									
Ms. Peng Ting	January 27, 2022	January 27, 2022	2.462	72,841	–	–	–	–	72,841
		January 14, 2023	2.462	72,841	–	–	–	–	72,841
		January 14, 2024	2.462	72,842	–	–	–	–	72,842
	July 17, 2023	July 31, 2024	0.816	–	3,181,354	–	–	–	3,181,354
		July 31, 2025	0.816	–	3,181,354	–	–	–	3,181,354
		July 31, 2026	0.816	–	3,181,356	–	–	–	3,181,356

POST-IPO SHARE OPTION SCHEME (Continued)

(k) Implementation of Post-IPO Share Option Scheme during the Reporting Period (Continued)

Name of grantee[1]	Date of grant	Vesting Date[2][3]	Exercise price per Share (HKD)	Number of Shares subject to outstanding options as at January 1, 2023	Granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Number of Shares subject to outstanding options as at December 31, 2023
Grantees who have been granted more than 1% individual limit.[5]									
Ms. Zha Junling	July 17, 2023	July 31, 2024	0.816	–	3,503,729	–	–	–	3,503,729
		July 31, 2025	0.816	–	3,503,729	–	–	–	3,503,729
		July 31, 2026	0.816	–	3,503,729	–	–	–	3,503,729
Mr. Xu Songdao	July 17, 2023	July 31, 2024	0.816	–	3,298,515	–	–	–	3,298,515
		July 31, 2025	0.816	–	3,298,515	–	–	–	3,298,515
		July 31, 2026	0.816	–	3,298,517	–	–	–	3,298,517
Senior management and other employees	January 27, 2022	January 27, 2022	2.462	1,296,406	–	–	–	62,518	1,233,888
		January 14, 2023	2.462	1,296,406	–	–	–	62,518	1,233,888
		January 14, 2024	2.462	1,296,405	–	–	–	62,519	1,233,886
	September 5, 2022	September 5, 2023	2.462	798,529	–	–	–	144,251	654,278
		September 5, 2024	2.462	798,529	–	–	–	144,251	654,278
		September 5, 2025	2.462	798,530	–	–	–	144,251	654,279
	July 17, 2023	July 31, 2024	0.816	–	5,872,422	–	–	336,116	5,536,306
		July 31, 2025	0.816	–	5,872,425	–	–	336,116	5,536,309
		July 31, 2026	0.816	–	5,872,427	–	–	336,117	5,536,310
Total				7,203,249	63,514,812	–	–	(1,628,657)	69,089,404

POST-IPO SHARE OPTION SCHEME (Continued)

(k) Implementation of Post-IPO Share Option Scheme during the Reporting Period (Continued)

Notes:

(1) There are no options granted to suppliers of goods or services or other participants.

(2) The Share Options granted shall be valid from January 27, 2022 to January 14, 2031 (including the first and last two days).

(3) The Share Options granted shall be valid from September 5, 2022 to September 4, 2032 (including the first and last two days).

(4) The validity period of the granted options will be ten (10) years from the date of grant, i.e. July 17, 2023.

(5) Ms. Zha Lijun and Ms. Peng Ting are also grantees who have been granted more than 1% individual limit. Please refer to the information in the category of "Directors" above.

(6) The closing price of the Shares immediately (i.e. January 26, 2022) before the date of which the Share Options were granted, i.e. January 27, 2022, was HK$2.310. The fair value of the Share Options at the date of grant was HK$2.310 per Share.

(7) The closing price of the Shares immediately (i.e. September 2, 2022) before the date of which the Share Options were granted, i.e. September 5, 2022, was HK$1.310. The fair value of the Share Options at the date of grant was HK$1.310 per Share.

(8) The closing price of the Shares immediately (i.e. July 14, 2023) before the date of which the Share Options were granted, i.e. July 17, 2023, was HK$0.810. The fair value of the Share Options at the date of grant was HK$0.810 per Share.

During the Reporting Period, the vesting of the above-mentioned share options granted under the Post-IPO Share Option Scheme was not restricted by any performance target or callback mechanism of the Group or each eligible participant. During the Reporting Period, except as disclosed above, the Company did not grant or agree to grant other share options under the Post-IPO Share Option Scheme. On January 1, 2023, a total of 63,514,812 shares could be granted under the Post-IPO Share Option Scheme, accounting for about 7.983% of the total issued shares (i.e. 795,658,000 shares). As at December 31, 2023, there were no share options granted under the Post-IPO Share Option Scheme. The total number of Shares that may be issued in respect of Options granted under the Post-IPO Share Option Scheme divided by the weighted average number of Shares in issued for the Reporting Period was 8.22%. As of the date of this annual report, there is no total number of Shares that can be issued under the Post-IPO Share Option Scheme.

From the date of revision of the Post-IPO Share Option Scheme, the existing Post-IPO Share Option Scheme adopted on November 17, 2020 will be replaced entirely by the Amended Post-IPO Share Option Scheme (as defined below). As of the date of this annual report, 70,178,644 share options (accounting for about 8.82% of the shares issued on the date of this annual report) have been granted to participants under the existing Post-IPO Share Option Scheme, while the number of shares to be issued under the existing Post-IPO Share Option Scheme is zero. The share options granted under the existing Post-IPO Share Option Scheme will continue to be valid and exercisable in accordance with the terms and conditions thereunder, and will not be included in the Scheme Mandate Limit (as defined below).

RESTRICTED SHARE UNIT SCHEME

The Restricted Share Unit Scheme (the "**RSU Scheme**") was adopted and approved by a resolution of the Board of Directors on October 18, 2021 (the "**Adoption Date**"). The following is a summary of the principal terms of the RSU Scheme:

(a) Purpose

The purpose of the RSU Scheme is to recognize and reward Participants for their contribution to the Group, to attract best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group's business.

(b) Who May Join

The Participants include: (i) full-time employees (including directors, officers and members of senior management) of any member of the Group; (ii) any non-executive directors (including independent non-executive directors) of the Group or any Invested Entity; (iii) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity; and (iv) 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 the Group (the "**Participants**").

(c) RSU Limit

The total number of Shares underlying the RSU Scheme (excluding the Shares underlying the RSUs that have lapsed or been cancelled in accordance with the relevant provisions of the RSU Scheme) shall not exceed 80,000,000 Shares (the "**RSU Limit**"), representing 10% of the issued Shares as of the Adoption Date. As of the date of this Report, it accounts for about 10.05% of all issued shares (i.e. 795,658,000 shares).

(d) Maximum entitlement of a grantee

Unless otherwise stipulated in the Listing Rules, there is no limit on maximum the maximum entitlement to each grantee of the restricted share unit.

(e) Time for exercising RSU

Subject to limitations and conditions of the RSU Scheme, the Administrator may grant to each of the selected Participants an offer of grant of Award by way of a restricted share unit award agreement or any such notice or document in such form as the Administrator may from time to time determine for acceptance by the selected Participant (the "**Award Agreement**"), subject to additional terms and conditions that the Administrator thinks fit which shall be stated in the Award Agreement.

If the selected Participant intends to accept the Grant as specified in the Award Agreement, he/she is required to sign the Award Agreement to confirm his/her acceptance and return it to the Administrator within the time period and in a manner prescribed in the Award Agreement. Upon the receipt from the selected Participant of a duly executed Award Agreement and payment of total consideration (if any), the RSUs shall be granted to such Participant in respect of a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof, and such Participant shall become a Grantee pursuant to the RSU Scheme. To the extent that the Grant or any term or condition set out in the Award Agreement is not accepted by any selected Participant within the time period or in a manner prescribed in the Award Agreement, it shall be deemed that such Grant has irrevocably lapsed and terminated and that the RSUs that would have been granted under the Grant have immediately lapsed.

RESTRICTED SHARE UNIT SCHEME (Continued)

(f) Vesting period

Upon fulfilment or waiver (by the Administrator in its sole and absolute discretion) of the vesting period and vesting conditions (if any) applicable to a Grantee or a Grant, a vesting notice will be sent to the Grantee by the Administrator, or by the relevant Trustee under the authorization and instruction by the Administrator, confirming (i) the extent to which the vesting period and vesting conditions have been fulfilled or waived; (ii) the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of these Shares) or the amount of cash the Grantee will receive; and (iii) where the Grantee will receive Shares, the lock-up arrangements for such Shares (if applicable). The Grantee is required to execute, after receiving the vesting notice, certain documents set out in the vesting notice that the Administrator considers necessary (which may include, without limitation, a certification that he or she has complied with all the terms and conditions set out in the RSU Scheme and the Award Agreement). In the event that the Grantee fails to execute the required documents within 30 Business Days after receiving the vesting notice, the vested RSUs will lapse.

(g) Subscription price

The Board or the relevant committee may, at its sole discretion, restrict the purchase price (if any) of the RSUs and the time limit within which any such payment must be made in the notice of grant.

(h) Effective period

Unless the Board may decide to terminate the RSU Scheme in advance according to the terms of the RSU Scheme, the RSU Scheme will take effect from the adoption date (with a validity period of ten (10) years), and no awards will be granted after the expiration of the validity period, but the provisions of the RSU Scheme shall be fully effective and effective in all other aspects and the awards granted during the RSU Scheme period will continue to take effect according to their respective grant terms.

(i) Implementation of RSU Scheme during the Reporting Period

As at December 31, 2023, the trustee appointed by the Company to manage the RSU Scheme has purchased a total of 30,805,939 shares in the market, accounting for about 3.87% of the total issued shares (i.e. 795,658,000 shares) as of December 31, 2023. On December 28, 2023 (after trading hours), the Company granted a total of 40,000,000 RSUs to four directors and three employees of the Group under the RSU Scheme, accounting for about 5.03% of the total issued shares as at December 31, 2023. The above-mentioned grantee of RSUs is not required to pay fees for any restricted share units granted under the RSU Scheme or for exercising such RSUs. For details, please refer to the announcement issued by the Company on December 28, 2023.

The grant of restricted share units only involves existing shares. After the vesting of the restricted share units granted to the grantee of restricted share units, the Company will not issue and distribute any new shares. Therefore, the granting of restricted share units will not have any dilution effect on the equity of existing shareholders of the Company.

As at December 31, 2023, after the grant listed below, 38,769,814 relevant shares under the RSU Scheme will be available for grant in the future, accounting for about 4.87% of the total issued shares as of the date of this report.

RESTRICTED SHARE UNIT SCHEME (Continued)

(i) Implementation of RSU Scheme during the Reporting Period (Continued)

The term of validity of RSUs is ten (10) years after the date of grant. The 40,000,000 RSUs granted to the grantee of RSUs will be vested as follows:

(i) About one-third of the RSUs will vest on December 28, 2024;

(ii) About one third of the RSUs will vest on December 28, 2025; and

(iii) About one third of the RSUs will vest on December 28, 2026.

Details and changes of restricted RSUs granted to directors, the top executives, senior management and other employees of the Group under the RSU Scheme during the Reporting Period are as follows:

Name of grantee[1]	Date of grant	Vesting Date[2][3]	Exercise price per Share (HKD)	Number of Shares subject to RSUs as at January 1, 2023	Granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Number of Shares subject to RSUs as at December 31, 2023
Director									
Mr. Lin Qian	September 5, 2022	September 5, 2023	–	186,666	–	186,666	–	–	–
		September 5, 2024	–	186,667	–	–	–	–	186,667
		September 5, 2025	–	186,667	–	–	–	–	186,667
	December 28, 2023	December 28, 2024	–	–	216,666	–	–	–	216,666
		December 28, 2025	–	–	216,667	–	–	–	216,667
		December 28, 2026	–	–	216,667	–	–	–	216,667
Mr. Xu	December 28, 2023	December 28, 2024	–	–	2,600,000	–	–	–	2,600,000
		December 28, 2025	–	–	2,600,000	–	–	–	2,600,000
		December 28, 2026	–	–	2,600,000	–	–	–	2,600,000
Mr. Wang	December 28, 2023	December 28, 2024	–	–	2,600,000	–	–	–	2,600,000
		December 28, 2025	–	–	2,600,000	–	–	–	2,600,000
		December 28, 2026	–	–	2,600,000	–	–	–	2,600,000
Ms. Zha Lijun	December 28, 2023	December 28, 2024	–	–	1,116,666	–	–	–	1,116,666
		December 28, 2025	–	–	1,116,667	–	–	–	1,116,667
		December 28, 2026	–	–	1,116,667	–	–	–	1,116,667

RESTRICTED SHARE UNIT SCHEME (Continued)

(i) Implementation of RSU Scheme during the Reporting Period (Continued)

Name of grantee[1]	Date of grant	Vesting Date[2][3]	Exercise price per Share (HKD)	Number of Shares subject to RSUs as at January 1, 2023	Granted during the year ended December 31, 2023	Exercised during the year ended December 31, 2023	Cancelled during the year ended December 31, 2023	Lapsed during the year ended December 31, 2023	Number of Shares subject to RSUs as at December 31, 2023
The grantee whose total number of options and RSUs exceeds 1% individual limit within 12 months.									
Ms. Zhou Haisu	December 28, 2023	December 28, 2024	–	–	2,500,000	–	–	–	2,500,000
		December 28, 2025	–	–	2,500,000	–	–	–	2,500,000
		December 28, 2026	–	–	2,500,000	–	–	–	2,500,000
Mr. Xu Songdao	December 28, 2023	December 28, 2024	–	–	2,500,000	–	–	–	2,500,000
		December 28, 2025	–	–	2,500,000	–	–	–	2,500,000
		December 28, 2026	–	–	2,500,000	–	–	–	2,500,000
Ms. Zha Junling	December 28, 2023	December 28, 2024	–	–	1,800,000	–	–	–	1,800,000
		December 28, 2025	–	–	1,800,000	–	–	–	1,800,000
		December 28, 2026	–	–	1,800,000	–	–	–	1,800,000
Senior management and other employees	September 5, 2022	September 5, 2023	–	223,395	–	223,395	–	–	–
		September 5, 2024	–	223,395	–	–	–	–	223,395
		September 5, 2025	–	223,396	–	–	–	–	223,396
Total				1,230,186	40,000,000	410,061	–	–	40,820,125

Notes:

(1) There are no RSUs granted to suppliers of goods or services or other participants.

(2) The RSUs granted shall be valid from September 5, 2022 to September 4, 2032 (including the first and last two days).

(3) The validity period of the granted RSUs will be ten (10) years from the date of grant, i.e. December 28, 2023.

(4) The closing price of shares immediately (i.e. September 2, 2022) before the grant date of RSUs, i.e. September 5, 2022 was HK$1.310. The fair value of the RSUs at the date of grant was HK$1.310.

(5) The closing price of shares immediately (i.e. December 27, 2023) before the grant date of RSUs, i.e. December 28, 2023 was HK$0.540. The fair value of the RSUs at the date of grant was HK$0.540.

The vesting of RSUs granted to the grantee of RSUs is not restricted by any performance target or clawback mechanism of the Group or the grantee of RSUs. During the Reporting Period, except as disclosed above, as of the date of this report, the Company did not grant or agree to grant, vest, transfer, expire or cancel any RSUs according to the RSU Scheme.

AMENDED POST-IPO SHARE OPTION SCHEME

The Amended Post-IPO Share Option Scheme (the "**Amended Post-IPO Share Option Scheme**") was adopted and approved by the EGM of Shareholders on December 22, 2023 (the "**Adoption Date**"). For details, please refer to the company's circular on December 5, 2023 and announcement on December 22, 2023. The following is a summary of the main terms of the Amended Post-IPO Share Option Scheme:

(a) The Purpose of the Amended Post-IPO Share Option Scheme

The purpose of the Amended Post-IPO Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

(b) The Participants of the Amended Post-IPO Share Option Scheme

The Participants of the Scheme:

(i) any director or employee (whether full time or part time) of the Company or any of its subsidiaries (and including persons who are granted Option(s) under the Amended Post-IPO Share Option Scheme as an inducement to enter into employment or service contracts with these companies); and

(ii) any director or employee (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company.

(c) The maximum number of shares

The total number of shares that can be issued after the exercise of all Options or awards to be granted under the Amended Post-IPO Share Option Scheme, Share Award Scheme and any other share schemes of the Company is 79,565,800, which is at most 10% of the shares issued on the date when the shareholders approve the Amended Post-IPO Share Option Scheme (excluding any shares that can be issued due to the exercise of Options or awards that may be granted under the Amended Post-IPO Share Option Scheme and Share Award Scheme) (the "**Scheme Mandate Limit**"). As of the date of this Report, it accounts for about 10% of all issued shares (i.e. 795,658,000 shares). Share Options that have lapsed according to the terms of the Amended Post-IPO Share Option Scheme will not be included in the calculation of the scheme mandate limit of the Share Option Scheme.

(d) Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of shares issued or to be issued to each selected participant due to the exercise of the Options or awards granted or to be granted under the Amended Post-IPO Share Option Scheme, Share Award Scheme and any other share schemes of the Company (including exercised and unexercised Options or awards) within any 12-month period shall not exceed 1% of the total number of shares issued. If the re-granting of Options or awards to the selected participant will cause all the Options or awards granted or to be granted to the selected participant (including exercised, cancelled and unexercised Options or awards) to be exercised within a period of 12 months up to and including the date of re-granting, and the total number of shares issued and to be issued exceeds the individual limit, it must be approved by the Shareholders separately, and the selected participant and their associates shall abstain from voting.

AMENDED POST-IPO SHARE OPTION SCHEME (Continued)

(e) Granting Options to a director or substantial shareholder

Each grant of Options to any director, chief executive or substantial Shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Options). The number of Shares issued and to be issued if the grant of Share Options to the Company's major shareholders or independent non-executive directors (or any of their respective associates) will result in the exercise of all share Options granted or to be granted to that person (including exercised, cancelled and unexercised share Options) within a period of 12 months up to and including the date of grant: the total is equal to more than 0.1% of the issued shares (or such other higher percentage as the Stock Exchange may specify from time to time) at the closing price set out in the daily quotation sheet issued by the Stock Exchange on the date of grant,then the further grant of share Options must be approved by Shareholders in advance at the Shareholders' meeting (by voting). In order to obtain approval, the Company shall send a circular letter to Shareholders in accordance with the Listing Rules, which shall contain relevant information stipulated in the Listing Rules. Relevant selected participants, their associates and all core related persons of the Company must abstain from voting at the Shareholders' meeting, but related persons can vote against relevant resolutions at the Shareholders' meeting on the condition that they have stated their intentions in the circular sent to Shareholders.

Every share option granted to the directors or senior management of the Company under the Amended Post-IPO Share Option Scheme or any other share scheme set out in Rules 17.03(F) and 17.06B(7) and (8) of the Listing Rules shall be approved by the Remuneration Committee.

(f) Time to exercise Share Options

Subject to the terms and conditions of the grant of the Share Options, the grantee may exercise all or part of the Share Options by sending a written notice to the Company in the form determined by the Board from time to time, stating the number of Shares involved in the exercise of the Share Options thereby.

(g) Vesting

The vesting period of Options granted to employee participants may, at the discretion of the Board (or any duly authorized committee or person by the Board), be shorter than 12 months under the following circumstances:

(i) grants of "make-whole" Options to an employee participant who is a new joiner to replace the options he forfeited when leaving his previous employer(s);

(ii) grants of "make-whole" Options to an employee participant who is an existing key personnel of a newly acquired subsidiary of the Company to replace the awards or options he forfeited upon the acquisition of the subsidiary by the Company. In such case,the vesting period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or options;

(iii) grants of Options to an employee participant whose employment is terminated due to death or disability or occurrence of any out of control event. In those circumstances, the vesting of an Option may accelerate;

AMENDED POST-IPO SHARE OPTION SCHEME (Continued)

(g) Vesting (Continued)

(iv) grants of Options with performance-based vesting conditions provided in the Amended Post-IPO Share Option Scheme in lieu of time-based vesting criteria;

(v) grants of Options that are made in batches during a year for administrative and compliance reasons. They may include Options that have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an Option would have been granted;

(vi) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months;

(vii) the occurrence of an event of change in control of the Company, where by way of offer, merger or scheme of arrangement; or

(viii) grants of Options with a total vesting and holding period of more than 12 months.

Save for the above, there are no other circumstances that would result in a vesting period of less than 12 months.

The Board may at its discretion specify any condition in the offer letter at the grant of the Options which must be satisfied before the Options may be vested. Vesting shall only occur upon satisfaction (or where applicable, waived by the Remuneration Committee and the Board) of the conditions imposed by the Remuneration Committee and the Board.

The Company, any subsidiary, related entity or affiliated company shall have the right to withhold, and any grantee shall pay any tax and/or social security contributions related to the grant of options. The Company does not apply to the amount (if any) to be paid when applying for or accepting the option, the time limit for payment or notice of payment or the time limit for repayment of the option loan.

(h) Notice of offer and share option grant

The offer must be made to the selected participants in duplicate, specifying the terms of the grant of options. These terms may include any minimum term in which the share options must be held and/or the minimum target performance that must be achieved before the share options can be exercised in whole or in part, and may also include other terms imposed on individual or general situations at the discretion of the Board.

If the Company receives a copy of the letter of offer (which contains the number of shares accepted) signed by the grantee within 20 business days after sending the letter of offer to the grantee, together with the remittance of HK$ 1.00 paid to the company as the consideration for the share option granted, the offer will be deemed to have been accepted, and the share options related to the offer will be deemed to have been granted and become effective.

Any offer can be accepted for less than the number of shares it offers, provided that the shares accepted are one or more tradable shares. If the offer is not accepted within 20 business days after the date of sending the letter containing the offer to the relevant selected participants, it is deemed to have been irrevocably rejected.

AMENDED POST-IPO SHARE OPTION SCHEME (Continued)

(i) Subscription price

The Exercise Price shall be such price determined by the Board in its absolute discretion and notified to the participant in the Offer and shall be no less than the higher of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant (provided that in the event that any Option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange); or

(iii) the nominal value of a Share on the Date of Grant.

(j) Duration

The Amended Post-IPO Share Option Scheme is valid and effective for a period of 10 years from the date of adoption (after that, no other Share Options may be proposed or granted under the Amended Post-IPO Share Option Scheme), but the provisions of the Amended Post-IPO Share Option Scheme will remain valid in all other respects, provided that any Share Options granted before the expiration of the Share Option Scheme are effectively exercised or the Share Options are effectively exercised under other circumstances under the Amended Post-IPO Share Option Scheme.

As at December 31, 2023, the remaining term of the Amended Post-IPO Share Option Scheme is approximately ten (10) years.

(k) Implementation of the Amended Post-IPO Share Option Scheme during the Reporting Period

As at December 31, 2023, there were no Share Options granted under the Amended Post-IPO Share Option Scheme. As of the date of this Report, the total number of shares that can be issued under the Amended Post-IPO Share Option Scheme is 79,565,800, accounting for about 10% of the total number of issued shares (i.e. 795,658,000 shares).

SHARE AWARD SCHEME

The Share Award Scheme (the "**Share Award Scheme**") was adopted and approved by the EGM of Shareholders on December 22, 2023 (the "**Adoption Date**"). For details, please refer to the company's circular on December 5, 2023 and announcement on December 22, 2023. The following is a summary of the main terms of the Share Award Scheme:

(a) The purpose of the Share Award Scheme

The specific objectives of the Scheme are to:

(i) recognise the present and historical contributions by certain Selected Participants with an opportunity to acquire a proprietary interest in the Company;

(ii) encourage and retain such individuals for the continual operation and development of the Group;

(iii) provide additional incentives for them to achieve performance goals;

(iv) attract suitable personnel for further development of the Group; and

(v) motivate the selected participants to maximize the value of the Company for the benefits of both the selected participants and the Company, with a view to achieving the objectives of increasing the value of the Group and aligning the interests of the selected participants directly to the shareholders of the Company through ownership of Shares.

(b) The Participants of the Share Award Scheme

The Participants of the Scheme:

(i) any director or employee (whether full time or part time) of the Company or any of its subsidiaries (and including persons who are granted Option(s) under the Amended Post-IPO Share Option Scheme as an inducement to enter into employment or service contracts with these companies); and

(ii) any director or employee (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company.

(c) The maximum number of shares

The total number of shares that can be issued after the exercise of all Options or awards to be granted under the Amended Post-IPO Share Option Scheme, Share Award Scheme and any other share schemes of the Company is 79,565,800, which is at most 10% of the shares issued on the date when the shareholders approve the Amended Post-IPO Share Option Scheme (excluding any shares that can be issued due to the exercise of Options or awards that may be granted under the Amended Post-IPO Share Option Scheme and Share Award Scheme). As of the date of this Report, it accounts for about 10% of all issued shares (i.e. 795,658,000 shares). Awards that have lapsed according to the terms of the Share Award Scheme will not be included in the calculation of the scheme mandate limit of the Share Award Scheme.

SHARE AWARD SCHEME (Continued)

(d) Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of shares issued or to be issued to each selected participant due to the exercise of the Options or awards granted or to be granted under the Amended Post-IPO Share Option Scheme, Share Award Scheme and any other share schemes of the Company (including exercised and unexercised Options or awards) within any 12-month period shall not exceed 1% of the total number of shares issued. If the re-granting of Options or awards to the selected participant will cause all the Options or awards granted or to be granted to the selected participant (including exercised, cancelled and unexercised Options or awards) to be exercised within a period of 12 months up to and including the date of re-granting, and the total number of shares issued and to be issued exceeds the individual limit, it must be approved by the Shareholders separately, and the selected participant and their associates shall abstain from voting.

(e) Granting share awards to a director or substantial shareholder

Each grant of Options to any director, chief executive or substantial Shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of Options). The number of Shares issued and to be issued if the grant of share awards to the Company's major shareholders or independent non-executive directors (or any of their respective associates) will result in the exercise of all share awards granted or to be granted to that person (including exercised, cancelled and unexercised share awards) within a period of 12 months up to and including the date of grant: the total is equal to more than 0.1% of the issued shares (or such other higher percentage as the Stock Exchange may specify from time to time) at the closing price set out in the daily quotation sheet issued by the Stock Exchange on the date of grant,then the further grant of share awards must be approved by Shareholders in advance at the Shareholders' meeting (by voting). In order to obtain approval, the Company shall send a circular letter to Shareholders in accordance with the Listing Rules, which shall contain relevant information stipulated in the Listing Rules. Relevant selected participants, their associates and all core related persons of the Company must abstain from voting at the Shareholders' meeting, but related persons can vote against relevant resolutions at the Shareholders' meeting on the condition that they have stated their intentions in the circular sent to Shareholders.

Every share option granted to the directors or senior management of the Company under the Amended Post-IPO Share Option Scheme or any other share scheme set out in Rules 17.03(F) and 17.06B(7) and (8) of the Listing Rules shall be approved by the Remuneration Committee.

(f) Time to exercise share awards

Subject to the terms and conditions of the grant of the share awards, the grantee may exercise all or part of the Share Options by sending a written notice to the Company in the form determined by the Board from time to time, stating the number of Shares involved in the exercise of the Share Options thereby.

SHARE AWARD SCHEME (Continued)

(g) Vesting

The vesting period for the awarded shares shall not be less than 12 months or such other period as the Listing Rules may prescribe or permit. Awards granted to an employee participant may be subject to a shorter vesting period under specific circumstances as set out below:

(i) Grants of "make-whole" awards to an employee participant who is a new joiner to replace the share awards he forfeited when leaving his previous employer(s);

(ii) Grants of "make-whole" awards to an employee participant who is an existing key personnel of a newly acquired subsidiary of the Company to replace the awards or options he forfeited upon the acquisition of the subsidiary by the Company. In such case, the vesting period may be shorter to reflect the remaining vesting period in respect of the forfeited awards or options;

(iii) Grants of awards to an employee participant whose employment is terminated due to death or disability or occurrence of any out of control event. In those circumstances, the vesting of an award may accelerate;

(iv) Grants of awards with performance-based vesting conditions provided in the Share Award Scheme in lieu of time-based vesting criteria;

(v) Grants of awards that are made in batches during a year for administrative and compliance reasons. They may include awards that have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted;

(vi) Grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months;

(vii) The occurrence of an event of change in control of the Company, where by way of offer, merger or scheme of arrangement; or

(viii) Grants of awards with a total vesting and holding period of more than 12 months.

Save for the above, there are no other circumstances that would result in a vesting period of less than 12 months.

The Board may at its discretion specify any condition in the offer letter at the grant of the award which must be satisfied before the awarded shares may be vested. Vesting shall only occur upon satisfaction (or where applicable, waived by the Remuneration Committee and the Board) of the conditions imposed by the Remuneration Committee and the Board. The Remuneration Committee and the Board or person(s) to which the Remuneration Committee and the Board delegated their authority may either direct and procure the Trustee(s) to release from the Trusts the awarded shares to the selected participants by transferring the number of awarded shares to the selected participants in such manner as determined by the Remuneration Committee and the Board from time to time.

SHARE AWARD SCHEME (Continued)

(g) Vesting (Continued)

The Company, any subsidiary, related entity or affiliated company shall have the right to withhold, and any grantee shall pay any tax and/or social security contributions related to the grant of award. The Company does not apply to the amount (if any) to be paid when applying for or accepting the award, the time limit for payment or notice of payment or the time limit for repayment of the award loan.

(h) Subscription price

The Board or the relevant Committee may, at its sole discretion, award the purchase price of the shares (if any) and the time limit within which any such payment must be made in the notice of grant, which shall be based on considerations such as the current market price of the shares, the purpose of the award shares and the characteristics and profile of the relevant selected participants.

(i) Duration

Except for any early termination that may be decided by the Board according to the Share Award Scheme, the validity period of the Share Award Scheme shall take effect from the adoption date of the Share Award Scheme (the validity period is ten (10) years), and no award will be granted after the expiration of the validity period, but the provisions of the Share Award Scheme shall be fully effective in all other aspects and the awards granted during the period of the Share Award Scheme will continue to take effect according to their respective grant terms.

As at December 31, 2023, the remaining term of the Share Award Scheme is about ten (10) years.

(j) Implementation of the Share Award Scheme during the Reporting Period

As at December 31, 2023, there were no share awards granted under the Share Award Scheme. As of the date of this Report, the total number of shares that can be issued under the Share Award Scheme is 79,565,800, accounting for about 10% of the total number of issued shares (i.e. 795,658,000 shares).

EQUITY-LINKED AGREEMENT

Except as disclosed in the section headed "Post-IPO Share Option Scheme", "Restricted Share Unit Scheme", "Amended Post-IPO Share Option Scheme" and "Share Award Scheme" above, there was no equity-linked agreement entered into by the Company or subsisting during the year ended December 31, 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed above, during the Reporting Period, none of the Company or any of its subsidiaries or any of its consolidated affiliated entities had purchased, sold or redeemed any of the listed securities of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

NON-COMPETITION UNDERTAKING

On March 31, 2022, each of the Controlling Shareholders (i.e. the AIC Parties) entered into the Termination Agreement to terminate the acting-in-concert arrangement among them upon mutual agreement, with effect from March 31, 2022. Upon the execution of the Termination Agreement, the AIC Parties are no longer controlling shareholders of the Company, and they will no longer be bound by the Deed of Non-competition according to the terms of the Deed of Non-competition. For details, please refer to the announcement of the Company dated March 31, 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of December 31, 2023, Mr. Wang Jianshuo was the chairman of the board of Baixing Net, and together with the persons acting in concert with him, held approximately 40.84% of the registered capital of Baixing Net, which primarily operates one of the largest classified information internet platforms in the PRC (i.e. www.baixing.com) that enables local merchants and consumers to exchange information and conduct business with each other.

As disclosed in the Prospectus, Baixing Net engages in information stream business with a focus on traffic distribution as an advertising agency, which are similar to the online marketing solutions business of the Group. For details of the delineation of the business of the Group and those of Baixing Net, please refer to the section headed "Directors and Senior Management" of the Prospectus.

Save as disclosed above, as of December 31, 2023, none of the Directors or their associates has any interest in any business that directly or indirectly competes with or may compete with the business of the Group.

CONNECTED TRANSACTIONS

Save as disclosed in the section headed "Contractual Arrangements" of this report, during the Reporting Period, there was no other related party transaction or continuing related party transaction set out in Note 32 to the consolidated financial statements in this annual report which constitutes discloseable connected transaction or continuing connected transaction under the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements of the Listing Rules (as amended from time to time).

CONTRACTUAL ARRANGEMENTS

Reasons for Entering into Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Catalog and the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (the "**Negative List**", together with the Catalog, the "**Relevant PRC Regulations**"), promulgated and amended from time to time jointly by the Ministry of Commerce of the People's Republic of China and the National Development and Reform Commission of the People's Republic of China. Pursuant to the Relevant PRC Regulations, foreign investments in certain industries are subject to restriction or prohibition.

Below table sets out a summary of our businesses and the corresponding business sectors which are subject to foreign investment restriction or prohibition carried out by our PRC operating company under the Relevant PRC Regulations as confirmed by our PRC Legal Advisors:

Operating company of the Group	Description of business	Business sector under the Relevant PRC Regulations	Category under the Relevant PRC Regulations
Netjoy Network	Operating a pan entertainment-oriented content platform	Value-added telecommunications services	Restricted
	Planning and production of short video	Radio and TV programs production and operation services	Prohibited
Tradeplus	Planning and production of short video	Radio and TV programs production and operation services	Prohibited
	Operating a one-stop short video programmatic advertising and data management platform (the businesses carried out by Netjoy Network and Tradeplus are collectively referred to herein as the "**Relevant Businesses**")	Value-added telecommunications services	Restricted

CONTRACTUAL ARRANGEMENTS (Continued)

Reasons for Entering into Contractual Arrangements (Continued)

We also have minority interest in five companies through Netjoy Network, namely Shanghai Buwei, Horgos Buwei Culture Media Co., Ltd. (霍爾果斯不維文化傳媒有限公司) ("**Horgos Buwei**") (the wholly-owned subsidiary of Shanghai Buwei), and Wuhan Juhaokan Network Technology Co., Ltd. (武漢劇好看網絡科技有限公司) ("**Wuhan Juhaokan**"), and Shaanxi Drama Gravity Culture Communication Co., Ltd. (陝西劇有引力文化傳播有限公司) ("**Shaanxi Drama Gravity**") (the wholly-owned subsidiary of Wuhan Juhaokan), and Shenzhen Jiusong Kunxin Investment Center (Limited Partnership) (深圳九頌坤信投資中心(有限合夥)) ("**Jiusong Kunxin**"), together with Shanghai Buwei and Horgos Buwei and Wuhan Juhaokan and Shaanxi Drama Gravity (the "**Relevant Entities**"). Our PRC Legal Advisors are of the view that the businesses carried on by the Relevant Entities are also subject to foreign investment prohibition or restriction under the Relevant PRC Regulations. The table below sets out the Group's equity interest in the Relevant Entities and their businesses and categories:

Name of entities	Equity interest held by the Group	Description of business	Business sector under the Relevant PRC Regulations	Category under the Relevant PRC Regulations
Shanghai Buwei	20% equity interests held by Netjoy Network	Planning, production and distribution of internet short videos	Radio and TV programs production and operation services	Prohibited
Horgos Buwei	20% equity interest held by Netjoy Network through Shanghai Buwei	Planning, production and distribution of internet short videos	Radio and TV programs production and operation services	Prohibited
Wuhan Juhaokan	100% equity interests held by Netjoy Network	Preparation to run small programs	Value-added telecommunication service	Restricted
		Planning and production of short plays	Radio and television program production and operation services	Prohibited
		Network performance	Network culture	Prohibited
Shaanxi Drama Gravity	Through Wuhan Juhaokan, 100% equity interests held by Netjoy Network	Planning and production of short plays	Radio and television program production and operation services	Prohibited
Jiusong Kunxin	34.0522% equity interests held by Netjoy Network	Private equity investment	Private equity fund raising and investment business	Restricted

CONTRACTUAL ARRANGEMENTS (Continued)

Reasons for Entering into Contractual Arrangements (Continued)

In order to comply with PRC laws and regulations while availing ourselves of international capital markets and maintaining effective control over all of our business operations, we determined that it was not viable for the Company to hold Netjoy Network and Tradeplus directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, we would gain effective control over Netjoy Network and Tradeplus through the Contractual Arrangements.

Furthermore, as illustrated above, given the fact that the businesses carried on by the Relevant Entities are also subject to foreign investment prohibition or restriction under the current PRC laws and regulations, we determined that it was not viable for the Company to hold the minority interest in the Relevant Entities directly through equity ownership. Instead, we decided that, in line with common practice in industries in the PRC subject to foreign investment prohibition or restriction, we would hold the minority interest in the Relevant Entities through Netjoy Network under the Contractual Arrangements.

We, through Yunxiang Information, entered into the Contractual Arrangements with the Registered Shareholders of Netjoy Network and the Netjoy Network on March 30, 2020, pursuant to which, Yunxiang Information has acquired effective control over the financial and operational policies of Netjoy Network and has become entitled to all the economic benefits derived from its operations.

We, through Yunxiang Information, entered into the Contractual Arrangements with the Registered Shareholders of Tradeplus and the Tradeplus on June 16, 2021, pursuant to which, Yunxiang Information has acquired effective control over the financial and operational policies of Tradeplus and has become entitled to all the economic benefits derived from its operations.

Given that the Consolidated Affiliated Entities have obtained the necessary radio and television program production license and value-added telecommunication business license for all our business operations, the Board believes that the Consolidated Affiliated Entities are of great significance to the Group.

CONTRACTUAL ARRANGEMENTS (Continued)

Summary of the Material Terms of Contractual Arrangements

(a) Exclusive Business Cooperation Agreements

Yunxiang Information entered into an exclusive business cooperation agreement with each of Netjoy Network and Tradeplus on March 30, 2020 and June 16, 2021, respectively (the "**Exclusive Business Cooperation Agreements**"), pursuant to which, in exchange for a service fee, Yunxiang Information agreed to provide Netjoy Network/Tradeplus with technical support, consultation and other services, including but not limited to:

- the use of any relevant intellectual property rights and software legally owned by the Yunxiang Information;
- development, maintenance and updating of software in respect of the Netjoy Network's/Tradeplus' business;
- design, installation, daily management, maintenance and updating of network systems, hardware and database;
- providing technical support and staff training services to relevant employees of Netjoy Network/Tradeplus;
- providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign owned enterprises are prohibited from conducting under the PRC laws);
- providing corporate management consultation;
- providing corporate strategy and development consultation;
- providing financial consultation and management services;
- providing business operation related information consultation;
- providing marketing and promotional services;
- providing customer order management and customer services;
- transfer, leasing and disposal of equipment or properties; and
- other relevant services requested by Netjoy Network/Tradeplus from time to time to the extent permitted under the PRC laws.

CONTRACTUAL ARRANGEMENTS (Continued)

Summary of the Material Terms of Contractual Arrangements (Continued)

(a) Exclusive Business Cooperation Agreements (Continued)

The service fee under the Exclusive Business Cooperation Agreements shall consist of 100% of the total consolidated profits of Netjoy Network/Tradeplus under IFRSs, after offset by any accumulated deficit in respect of the preceding financial year(s) (if any) and deducting relevant operating costs, expenses, taxes, statutory surplus reserves legally to be withdrawn and other statutory contributions. Notwithstanding the foregoing, Yunxiang Information may adjust the scope and amount of services fees according to PRC tax law and tax practices and with reference to the need of the working capital of Netjoy Network/Tradeplus, and Netjoy Network/Tradeplus will accept such adjustments.

(b) Exclusive Option Agreements

Yunxiang Information, with each of Netjoy Network and its Registered Shareholders and with each of Tradeplus and its Registered Shareholders entered into an exclusive option agreement on March 30, 2020 and June 16, 2021, respectively (the "**Exclusive Option Agreements**"), pursuant to which Yunxiang Information (or its designee(s)) was granted an irrevocable and exclusive right (the "**Exclusive Option Rights**") to purchase from the Registered Shareholders all or any part of their equity interests in Netjoy Network/Tradeplus, at any time and from time to time, at the amount of the registered capital of Netjoy Network/Tradeplus multiply by the proportion of the purchased equity interests in the total equity interests of Netjoy Network/Tradeplus or a lowest price legally permissible under the applicable laws of PRC, in which case the purchase price shall be the lowest amount under such request. Upon receiving all the duly executed share transfer documents and approvals and after deducting necessary tax expenses, Yunxiang Information or its designee(s) shall pay the purchase price within 10 Business Days to the designated bank accounts of the Registered Shareholders. Subject to relevant PRC laws and regulations, the Registered Shareholders shall return any amount of the purchase price within 10 Business Days after they have received relevant remedies from Yunxiang Information or its designee(s). Upon receiving the notice issued by Yunxiang Information (or its designee(s)) to exercise their Exclusive Option Rights (the "**Notice**"), the Registered Shareholders of Netjoy Network and Netjoy Network or the Registered Shareholders of Tradeplus and Tradeplus, within 30 days, shall execute all other contracts, agreements or documents with relevant parties, and shall take all necessary actions to engage in, complete, or obtain the approval, filing, registration procedures and consent with regulatory authorities without any delay, so that the relevant equity interests in Netjoy Network/Tradeplus as set out in the Notice, without any security interest attached to them, can be effectively transferred to and registered under the name of Yunxiang Information (or its designee(s)).

(c) Equity Pledge Agreements

Yunxiang Information, with each of Netjoy Network and its Registered Shareholders and with each of Tradeplus and its Registered Shareholders entered into an equity pledge agreements on March 30, 2020 and June 16, 2021, respectively (the "**Equity Pledge Agreements**"), pursuant to which the Registered Shareholders agreed to pledge all of their respective equity interests in Netjoy Network/Tradeplus as the first sequence to guarantee the payment of the secured debts of, the performance of the obligations of, and the representations, undertakings, and warrants provided by, Netjoy Network and its Registered Shareholders and Tradeplus and its Registered Shareholders under the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS (Continued)

Summary of the Material Terms of Contractual Arrangements (Continued)

(d) Powers of Attorneys

Yunxiang Information, with each of Netjoy Network and its Registered Shareholders and with each of Tradeplus and its Registered Shareholders entered into a powers of attorneys on March 30, 2020 and June 16, 2021, respectively (the "**Powers of Attorneys**"), pursuant to which the Registered Shareholders unconditionally and irrevocably appoint Yunxiang Information or its designee(s) (including but not limited to directors of Yunxiang Information and the Company and their successors and liquidators replacing the directors but excluding those non-independent or who may give rise to conflict of interests) as their attorney – in-fact, to exercise on their behalf, pursuant to the instructions of Yunxiang Information, all the rights that they have as the shareholders of Netjoy Network/Tradeplus as set out in the then-valid articles of association of Netjoy Network/Tradeplus.

(e) Spouse Undertakings

The spouse of each of the individual Registered Shareholders, where applicable, has signed an undertaking (collectively, the "**Spouse Undertakings**") to the effect that, among others, (i) the equity interests (together with any other interests therein) of Netjoy Network/Tradeplus held and to be held by each of the Registered Shareholders do not fall within the scope of communal properties; (ii) she unconditionally and irrevocably waives any rights or interests that may be granted to her under the applicable laws of any jurisdictions in respect of equity interests in Netjoy Network/Tradeplus, and she undertakes not to claim such rights or interests; (iii) no authorization or consent of her is required when performance, modification or termination of the Contractual Arrangements or execution of other documents in place of any agreements under the Contractual Arrangements; (iv) she will execute all necessary documents and take all necessary actions to ensure the appropriate performance of the Contractual Arrangements; (v) she will not, at any time, take any actions in conflict with the Spouse Undertakings and the Contractual Arrangements; and (vi) she will not take any actions to prevent the performances under the Contractual Arrangements in any circumstances, including but not limited to divorce of him or her with spouse.

(f) Confirmation from Registered Shareholders

Each of the individual Registered Shareholders undertakes to Yunxiang Information that, in the event of death, incapacity, divorce, or other circumstances regarding the Registered Shareholders which may affect the exercise of his direct or indirect equity interests (together with any other interests therein) in Netjoy Network/Tradeplus, the Registered Shareholder's respective spouse, successor, custodian, creditor, and any other person/entity which may as a result of the above events claim rights or other benefits on the equity interests (together with any other interests therein) in Netjoy Network/Tradeplus directly or indirectly shall not prejudice or hinder the enforcement of the Contractual Arrangements.

CONTRACTUAL ARRANGEMENTS (Continued)

Summary of the Material Terms of Contractual Arrangements (Continued)

For further details of the Contractual Arrangements, please refer to the "Contractual Arrangements" section of the Prospectus.

Save as disclosed above, during the Reporting Period, the Group did not enter into, renew and/or reproduce other new contractual arrangements with the Consolidated Affiliated Entities. During the Reporting Period, there were no significant changes in the Contractual Arrangements and/or the circumstances under which the Contractual Arrangements were adopted.

During the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of these restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2023, the Company did not encounter any interference or hindrance by any PRC regulatory authority when operating its business through the Consolidated Affiliated Entities according to the Contractual Arrangements.

Accounting Aspects of the Contractual Arrangements

As a result of the Exclusive Business Cooperation Agreement and the Exclusive Option Agreement, the Company has obtained control of the Consolidated Affiliated Entities through Yunxiang Information and, at the Company's sole discretion, can receive all of the economic interest returns generated by the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into the Company's financial statements.

Qualification Requirements

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**FITE Regulations**"), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including ICP services. According to the FITE Regulations, foreign investors investing in value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas with good performance (the "**Qualification Requirements**"). On March 29, 2022, the State Council promulgated the Decision of the State Council on Amending and Abolishing Some Administrative Regulations (the "**2022 Decision**"), which took effect on May 1, 2022. According to the decision of 2022, the above qualification requirements have been abolished.

However, our PRC legal adviser informed that as of December 31, 2023, no applicable laws, regulations or rules have provided clear guidance or interpretation on the 2022 decision, and the actual interpretation and implementation of the 2022 decision and related regulations by government agencies are still uncertain.

CONTRACTUAL ARRANGEMENTS (Continued)

PRC Laws on Foreign Investment

The Foreign Investment Law (2019) was adopted at the Second Session of the Thirteenth National People's Congress of the PRC on March 15, 2019 and came into force on January 1, 2020 (the "**FIL 2019**"). The FIL 2019 is intended to replace the current foreign investment legal foundation in the PRC consisting of three laws: the Sino-Foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-Foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-Invested Enterprise Law (《外資企業法》).

Our PRC Legal Advisors are of the view that since Contractual Arrangements are not specified as "foreign investments" under the FIL 2019 and if there is no applicable law or regulation that explains "other means" of foreign investment under the FIL 2019, or if "other means" of foreign investment are specified under applicable laws or regulations not to include Contractual Arrangements, it is unlikely that our Contractual Arrangements will be deemed as "foreign investments" under the FIL 2019 and therefore (i) the Contractual Arrangements shall neither be subject to the "negative list" nor be regulated by relevant authorities in accordance with the requirements of the "negative list;" and (ii) the FIL 2019 would not apply to the Contractual Arrangements as it does not substantially change the principle of recognition and treatment of Contractual Arrangements as compared with the current PRC laws and regulations, and the legality and validity of the Contractual Arrangements would not be affected.

If the operation of our Relevant Businesses is not on the "negative list" and we can legally operate such businesses under PRC laws, Yunxiang Information will exercise the option under the Exclusive Option Agreement to acquire the equity interests of Netjoy Network and unwind the Contractual Arrangements subject to re-approval by the relevant authorities.

If the operation of our Relevant Businesses is on the "negative list", unless applicable laws or regulations define Contractual Arrangements are one of the "other means" of foreign investment, the probability that Contractual Arrangements will be deemed as "foreign investment" under the FIL 2019 and be regulated by relevant authorities in accordance with the requirements of the "negative list," which could result in the Contractual Arrangements being deemed as invalid or being required to meet the requirements of the "negative list", is low. In addition, considering that a number of existing entities are operating under Contractual Arrangements and some of which have obtained listing status abroad, our PRC Legal Advisors are of the view that the PRC government is likely to take a relatively cautious attitude towards the supervision of Contractual Arrangements and the enactment of laws and regulations impacting them, and will make decisions according to different situations in practice.

CONTRACTUAL ARRANGEMENTS (Continued)

Details of Consolidated Affiliated Entities

Netjoy Network, a limited liability company established in the PRC on November 15, 2012, is a Consolidated Affiliated Entity indirectly controlled by the Company through the Contractual Arrangements. Netjoy Network principally engages in (i) operating our Huabian Platform, a pan entertainment-oriented content platform; and (ii) planning and production of short video.

As of December 31, 2023, Netjoy Network is 100% held by the following Registered Shareholders of Netjoy Network:

Shareholder	Attributable registered capital (RMB)	Approximate percentage of shareholding
Mr. Wang	**10,156,872**	18.97%
Mr. Xu	**8,581,778**	16.03%
Kijiji	**6,956,880**	13.00%
Mr. Dai	**5,992,656**	11.20%
Wutong Holding	**5,368,203**	10.03%
Guzon Asset	**5,143,560**	9.61%
Jingheng Jianyong	**3,612,000**	6.75%
Mr. Qin	**2,818,158**	5.26%
Mr. Ru	**2,140,096**	4.00%
Aofa Management	**1,372,000**	2.56%
Qipu Xinzhe	**700,000**	1.31%
Wideview Asset	**686,000**	1.28%
Total	**53,528,203**	100.00%

Tradeplus, a limited liability company established in the PRC on May 6, 2021, is a Consolidated Affiliated Entity indirectly controlled by the Company through the Contractual Arrangements. Tradeplus principally engages in (i) operating a one-stop short video programmatic advertising and data management platform; and (ii) planning and production of short video.

CONTRACTUAL ARRANGEMENTS (Continued)

Details of Consolidated Affiliated Entities (Continued)

As of December 31, 2023, Tradeplus is 100% held by the following Registered Shareholders of Tradeplus:

Shareholder	Attributable registered Capital (RMB)	Approximate percentage of shareholding
Mr. Wang	**2,000,000**	40.00%
Mr. Dai	**3,000,000**	60.00%
Total	**5,000,000**	100.00%

Earnings and assets under the Contractual Arrangements

During the Reporting Period, the revenue of Netjoy Network was approximately RMB39.09 million, accounting for approximately 1.30% of the total revenue of the Group. As of December 31, 2023, the total assets of Netjoy Network was approximately RMB308.52 million, accounting for approximately 11.66% of the total assets of the Group.

During the Reporting Period, the revenue of Tradeplus was approximately RMB35.78 million, accounting for approximately 1.19% of the total revenue of the Group. As of December 31, 2023, the total assets of Tradeplus was approximately RMB45.82 million, accounting for approximately 1.73% of the total assets of the Group.

Implications under Listing Rules and Exemption from Stock Exchange

For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the Consolidated Affiliated Entities will be treated as the Company's wholly-owned subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and their respective associates will be treated as connected persons of the Company (excluding, for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and the Group (including, for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

Since certain parties to the Contractual Arrangements (namely Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai and Kijiji) are the Registered Shareholders and connected persons of the Company, according to the Listing Rules, the transactions contemplated under the Contractual Arrangements constitute the continuing connected transactions of the Company.

CONTRACTUAL ARRANGEMENTS (Continued)

Implications under Listing Rules and Exemption from Stock Exchange (Continued)

In respect of the Contractual Arrangements, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of (i) the announcement, circular and independent Shareholders' approval under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange, subject, however, to the following conditions:

(a) No change without independent non-executive Directors' approval;

(b) No change without independent Shareholders' approval;

(c) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the Consolidated Affiliated Entities;

(d) On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and our subsidiaries in which the Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements; and

(e) We will disclose details relating to the Contractual Arrangements on an on-going basis.

CONTRACTUAL ARRANGEMENTS (Continued)

Annual Review by Independent Non-executive Directors and Auditor

During the Reporting Period, the independent non-executive Directors have reviewed the above Contractual Arrangements and confirmed that the Contractual Arrangements have:

(i) been entered into in the usual and ordinary course of business of the Group;

(ii) been conducted based on normal commercial terms or better; or been entered into based on the terms no less favorable to the Group than those available from or provided by independent third parties; and

(iii) been carried out according to the agreements for related transactions with terms that are fair and reasonable and in line with the interests of the Shareholders as a whole.

During the Reporting Period, independent non-executive Directors have also reviewed the above Contractual Arrangements and confirmed that:

(1) the transactions carried out during the Reporting Period have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(2) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(3) any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

The auditor of the Company carried out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements in compliance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and provided a letter to the Directors that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

CONTRACTUAL ARRANGEMENTS (Continued)

Risks relating to Contractual Arrangements and Measures Taken to Mitigate Such Risks

The following are some of the risks involved in Contractual Arrangements. For details, please refer to the section headed "Risk Factors" in the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our businesses in the PRC do not comply with applicable PRC laws and regulations, or if these laws or regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the Consolidated Affiliated Entities.

- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Netjoy Network and its shareholders and Tradeplus and its shareholders may fail to perform their obligations under our Contractual Arrangements.

- We may lose the ability to use, or otherwise benefit from, the licenses, approvals and assets held by the Consolidated Affiliated Entities that are material to our business operations if the Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- The shareholders of Netjoy Network/the shareholders of Tradeplus may have conflicts of interest with us, which may materially and adversely affect our business.

- If we exercise the option to acquire equity ownership of Netjoy Network/Tradeplus, the ownership transfer may subject us to certain limitations and substantial costs.

- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our consolidated net income and the value of the Shareholders' investment.

CONTRACTUAL ARRANGEMENTS (Continued)

Risks relating to Contractual Arrangements and Measures Taken to Mitigate Such Risks (Continued)

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- as part of the internal control measures, major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

- our Board, particularly our independent non-executive Directors, will review the overall performance of and compliance with the Contractual Arrangements at least once a year, and the confirmation from our independent non-executive Directors will be disclosed in our annual report;

- the Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports and interim reports to update the Shareholders and potential investors;

- the Company and the Directors undertake to provide periodic updates in our annual and interim reports regarding (a) our plan and progress in acquiring the relevant experience to meet the Qualification Requirement, (b) our status of compliance with the FIL 2019, and (c) the latest regulatory development in relation with the FIL 2019;

- the Company will engage external legal advisors or other professional advisors, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of Yunxiang Information and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements;

- the company seals, financial seals, contract seals and crucial corporate certificates of Netjoy Network/Tradeplus are kept by the Group's finance and legal departments, respectively. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the head of the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from relevant superior departments of the Company;

- because the Contractual Arrangements will constitute continuing connected transactions of the Group upon Listing, the Company has applied to the Stock Exchange, and the Stock Exchange has granted a waiver. The Company will comply with the conditions to be prescribed by the Stock Exchange under the waiver given; and

CONTRACTUAL ARRANGEMENTS (Continued)

Risks relating to Contractual Arrangements and Measures Taken to Mitigate Such Risks (Continued)

- our Board (including the independent non-executive Directors) will ensure that Netjoy Network/Tradeplus shall retain and continue to hold all relevant intellectual properties, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing its operating licenses and permits as required by relevant PRC government authorities, and going forward and to the extent permissible under PRC laws and regulations, Yunxiang Information or any other legally held member of the Group shall be the registered owner of any other newly developed trademarks which will be material to the business of the Group.

The Group will adjust or unwind (as the case may be) the Contractual Arrangements as soon as practicable in respect of the operation of the Relevant Businesses to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations which allow the Relevant Businesses to be conducted and operated by owned subsidiaries of the Company without such arrangements in place.

CHARITABLE DONATIONS

During the Reporting Period, the Group made no charitable or other donations.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

In accordance with article 192 of the Articles of Associations, the Directors and other officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has purchased appropriate director and officer liability insurance for its Directors and officers to provide appropriate protection for its Directors and officers. Save as disclosed above, during the year ended December 31, 2023 and up to the date of this report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether made by the Company or otherwise) or any directors of the Company's associated companies (if made by the Company).

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance practices. Information about the corporate governance practices adopted by the Company is set out in the corporate governance report on pages 87 to 107 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during the year ended December 31, 2023.

REVIEW OF ANNUAL RESULTS

The Audit Committee has, together with the senior management and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group, and the audited consolidated financial statements for the year ended December 31, 2023.

AUDITOR

Ernst & Young Certified Public Accountants ("**Ernst & Young**") is the auditor for the year ended December 31, 2023. Ernst & Young has audited the accompanying consolidated financial statements which were prepared in accordance with the IFRS. The Company has engaged Ernst & Young since the date it began to prepare for the Listing. The Company has not changed its auditor in the past four years.

Ernst & Young is subject to retirement as auditor of the Company at the conclusion of the forthcoming AGM of the Company, and, being eligible, offers itself for re-appointment. A resolution for re-appointment of Ernst & Young as auditor of the Company will be proposed at the AGM.

SUBSEQUENT EVENTS

Details of the significant events after the Reporting Period are set out in Note 36 to the consolidated financial statements in this annual report.

By order of the Board
XU Jiaqing
Chairman of the Board
Shanghai • China, March 28, 2024

The Board is pleased to present this corporate governance report set out in this annual report of the Company for the year ended December 31, 2023.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its Shareholders and enhance its value and accountability. The Company has adopted the corporate governance code set out in Appendix C1 of the Listing Rules as its corporate governance practice. For the year ended December 31, 2023, the Company has always complied with all the applicable principles and code provisions set out in the Corporate Governance Code. The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "**Board Committees**"). The Board Committees should seek independent professional advice to perform their responsibilities at the Company's expense, if necessary. The Company is provided the sufficient resources to the Board Committees to perform their duties. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference, which are available for inspection on the websites of the Company and the Stock Exchange.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

COMPOSITION OF THE BOARD

During the Reporting Period and as of the date of this report, the Board comprises four executive Directors, two non – executive Directors and three independent non-executive Directors as detailed below:

Executive Directors:

Mr. Xu Jiaqing *(Chairman)*
Mr. Wang Chen *(Chief Executive Officer)*
Mr. Lin Qian *(Chief Financial Officer)*
Ms. Zha Lijun

Non-executive Directors:

Mr. Dai Liqun
Mr. Wang Jianshuo

Independent Non-executive Directors:

Mr. Chen Changhua
Dr. Ru Liyun
Ms. Cui Wen

The biographies of the Directors are set out in section headed "Directors and Senior Management" in this annual report.

COMPOSITION OF THE BOARD (Continued)

For the year ended December 31, 2023, the Board has met the requirements at all times, of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence during the year ended December 31, 2023 pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of perspectives of our Board that are relevant to our business growth. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board. Details of the board diversity policy are available on the website of the Company.

The Directors have a balanced mix of knowledge and skills, including overall management and strategic development, product operation, accounting and financial management, information technology and human resources. They obtained degrees in various majors, including in science and engineering, printing technology, Chinese language and literature, computer science and technology, marketing, and economics. Three independent non-executive Directors have different industry backgrounds, representing one-third of the Board. In addition, our Board has a wide range of age, ranging from 36 years old to 61 years old. We have also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. In particular, one of our executive Directors, one of our independent non-executive Directors and company secretary are female upon Listing. During the Reporting Period, the male to female ratio (including senior management) of the Group is approximately 38:62. The Group targets to enhance the gender equality and continues review and monitor the gender ratio and make the relevant adjustment if necessary to reflect further business development. Taking into account our existing business mode and specific needs as well as the different background of the Directors, we are of the view that the composition of our Board satisfies the Company's board diversity policy. During the Reporting Period, the Board has reviewed the implementation of the Company's board diversity policy and its continued effectiveness.

The Company has established a mechanism to ensure that, after making a request to the Board of Directors, each director can generally seek independent professional advice, opinions and viewpoints under appropriate circumstances, and the expenses shall be borne by the Company. The Board has adopted the policy that directors seek independent professional advice, and will review the implementation and effectiveness of this policy every year. During the year ended December 31, 2023, the Board has reviewed the implementation of this policy and confirmed that it is still valid.

The Company has reviewed the members, structure and composition of the Board, and believes that the structure of the Board is reasonable, and the Directors possess experience and skills in various aspects and fields, which can enable the Company to maintain operation at a high standard.

COMPOSITION OF THE BOARD (Continued)

Since each of the independent non-executive Directors has confirmed his/her independence during the year ended December 31, 2023 pursuant to Rule 3.13 of the Listing Rules, the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge, and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Board Committees including Audit Committee, Remuneration Committee and Nomination Committee.

As regards to the code provisions under the Corporate Governance Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules, and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position, and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. The company secretary of the Company update and provide the Directors with written training materials in relation to their roles, functions, and duties from time to time.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT (Continued)

Based on the information provided by the Directors, a summary of the trainings received by the Directors during the year ended December 31, 2023 is as follows:

Name of Director	Nature of continuous professional development courses
Executive Directors:	
Mr. Xu Jiaqing	C, D
Mr. Wang Chen	C, D
Mr. Lin Qian	C, D
Ms. Zha Lijun	C, D
Non-executive Directors:	
Mr. Dai Liqun	C, D
Mr. Wang Jianshuo	C, D
Independent Non-executive Directors:	
Mr. Chen Changhua	C, D
Dr. Ru Liyun	C, D
Ms. Cui Wen	C, D

Notes:

A: *Attended at seminars and/or meetings and/or forums and/or briefings*

B: *Made speeches at seminars and/or meetings and/or forums*

C: *Attended at trainings provided by lawyers and trainings related to the Company's business*

D: *Read materials regarding various topics, including corporate governance, duties as a director, Listing Rules and other relevant laws*

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. Mr. Xu Jiaqing is the chairman of the Board, Mr. Wang Chen is the chief executive officer, and the two different positions are clearly defined by their respective functions. The chairman is responsible for providing strategic recommendations and advice in respect of the Group's development, while the chief executive officer is responsible for the day-to-day operations of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of Mr. Xu and Mr. Wang, being executive Directors, has entered into a service contract with the Company on November 17, 2020. Each service contract is for an initial term of three years commencing from the Listing Date and automatically renewed after the expiration, and can be terminated by either party with not less than one month's written notice or according to the terms of the service contracts. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Each of Mr. Lin and Ms. Zha, being executive Directors, has entered into a service contract with the Company on March 31, 2022. Each service contract is for an initial term of three years commencing from March 31, 2022 and automatically renewed after the expiration, and can be terminated by either party with not less than one month's written notice or according to the terms of the service contracts. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Each of Mr. Dai and Mr. Wang Jianshuo, being non-executive Directors, and Mr. Chen Changhua, Dr. Ru Liyun and Ms. Cui Wen, being independent non-executive Directors, has entered into a letter of appointment with the Company on November 17, 2020. Each letter of appointment is for an initial term of three years commencing from the Listing Date and automatically renewed after the expiration, and can be terminated by either party with not less than one month's written notice or according to the terms of the letter of appointment. The letters of appointment may be renewed in accordance with the Memorandum and Articles of Association and the applicable laws, rules and regulations.

None of the Directors has entered into any service contract with the Company or any member of the Group which is not terminable by the Group within one year without compensation (except for statutory compensation).

According to the Articles of Association, at each AGM one-third of the Directors for the time being, or, if their number is not three or 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 those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

The procedures and process of appointment, re-election, and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations and advices to the Directors on the appointment, re-election, and succession planning of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying Board papers are dispatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

During the year ended December 31, 2023, the Chairman of the Board of Directors held two meetings with independent non-executive directors, and no executive directors attended this meeting.

During the Reporting Period, the Board held six board meetings and three shareholders' meeting. The attendance of each Director at Board meetings and shareholders' meeting are as follows:

Directors	Board meetings attended/Board meetings eligible to attend	Shareholders' meeting attended/ Shareholders' meeting eligible to attend
Executive Directors:		
Mr. Xu Jiaqing	6/6	3/3
Mr. Wang Chen	6/6	3/3
Mr. Lin Qian	6/6	3/3
Ms. Zha Lijun	6/6	3/3
Non-executive Directors:		
Mr. Dai Liqun	6/6	3/3
Mr. Wang Jianshuo	6/6	3/3
Independent Non-executive Directors:		
Mr. Chen Changhua	6/6	3/3
Dr. Ru Liyun	6/6	3/3
Ms. Cui Wen	6/6	3/3

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted the Model Code as its code of conduct regarding the securities transactions by Directors and relevant employees (as defined in the Model Code). Specific enquiry has been made to all the Directors, and each of the Directors has confirmed that he/she has strictly complied with the required standards as set out in the Model Code during the Reporting Period.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors, and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration, and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board confirmed that corporate governance is a collective responsibility of the Directors, whose corporate governance functions includes:

(a) review and monitor the Company's policies and practices in complying with legal and regulatory requirements;

(b) review and monitor the training and continuous professional development of the Directors and senior management;

(c) develop, review, and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) develop and review the Company's corporate governance policies and practices, and make recommendations and report on related issues to the Board;

(e) review the Company's compliance with the corporate governance code and disclosures in the Corporate Governance Report; and

(f) review and monitor the Company's compliance with its whistleblowing policy.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three members, namely, two independent non-executive Directors, Mr. Chen Changhua (chairman) and Dr. Ru Liyun, and one non-executive Director, Mr. Dai Liqun.

The main duties of the Audit Committee include, among others, the following:

1. conducting inspections on our compliance, accounting policies, financial reporting procedures as well as our financial wellbeing;

2. organizing and leading our annual audit work;

3. advising on the engagement or change of external auditors;

4. ensuring the truthfulness, accuracy and completeness of the financial reports during the audit process and submitting them to the Board of Directors for review;

5. conducting inspections on our internal control system;

6. performing other responsibilities in accordance with applicable laws and regulations; and

7. performing other responsibilities as authorized by the Board.

The responsibilities and rules of procedure of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Audit Committee held three meetings to discuss and consider the following:

- reviewed the consolidated financial statement, annual results announcement and annual report of the Group for the year ended December 31, 2022, and the audit report prepared by the external auditor on accounting matters and major findings during the audit process, and submitted them to the Board for approval;

- reviewed the unaudited financial statement, interim result announcement of the Group for the six months ended June 30, 2023 and interim report for the year 2023, and submitted them to the Board for approval;

- reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), risk management systems and procedures as well as the re-appointment of the external auditor; the Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor; and

- discussed the audit plan for the year ended December 31, 2023 with the external auditor.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

During the Reporting Period, the attendance of each Audit Committee member at meetings is as follows:

Directors	Meetings attended/ Meetings eligible to attend
Mr. Chen Changhua	3/3
Mr. Dai Liqun	3/3
Dr. Ru Liyun	3/3

Nomination Committee

The Nomination Committee consists of three members, namely, one executive Director, Mr. Xu Jiaqing (chairman), and two independent non-executive Directors, Mr. Chen Changhua and Dr. Ru Liyun.

The main duties of the Nomination Committee of the Company include, among others, the following:

1. reviewing the structure, size and composition of the Board annually, and advising on any changes of the Board proposed in accordance with the strategies of the Company;

2. formulating the criteria and procedures for selecting Directors and senior management members, and making recommendations to the Board;

3. extensively identifying qualified candidates for Directors and senior management members, and making recommendations to the Board;

4. conducting the preliminary examination of qualifications of candidates for directorships and senior management positions, and making recommendations to the Board on the selection;

5. assessing the independence of independent non-executive Directors; and

6. reviewing the Board diversity policy and nomination policy.

The Nomination Committee evaluates candidates or incumbents based on the criteria such as integrity, experience, skills, and the time and effort devoted to performing their duties. The recommendations of the Nomination Committee will be subsequently submitted to the Board for decision.

The responsibilities and rules of procedure of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

During the Reporting Period, the Nomination Committee held one meeting to discuss and consider the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of independent non-executive Directors of the Company;
- discussed and proposed candidate of retiring directors for re-election to the Board;
- discussed and suggested the appointment of new directors to the Board; and
- reviewed board diversity policy and director nomination policy, and the execution of such policies, and ensured that these policies are still effective.

During the Reporting Period, the attendance of each Nomination Committee member at meetings is as follows:

Directors	Meetings attended/ Meetings eligible to attend
Mr. Xu Jiaqing	1/1
Mr. Chen Changhua	1/1
Dr. Ru Liyun	1/1

BOARD COMMITTEES (Continued)

Remuneration Committee

The Remuneration Committee consists of three members, namely, two independent non-executive Directors, Dr. Ru Liyun (chairman) and Mr. Chen Changhua, and one non-executive Director, Mr. Dai Liqun.

The main duties of the Remuneration Committee include, among others, the following:

1. contemplating the criteria for appraising Directors and senior management members, conducting the appraisal, and submitting the appraisement reports to the Board;

2. reviewing the system and policy of our remuneration management, contemplating and reviewing the policy and plan for Directors' and senior management's remuneration and contemplating the establishment of a formal and transparent procedure for developing remuneration policy, and making recommendations to the Board;

3. reviewing and approving compensations receivable by the executive Directors and senior management members for any loss or termination of office or appointment to ensure that such compensations are consistent with contractual terms and are otherwise fair and not excessive; and

4. reviewing and approving compensation arrangements relating to dismissal or removal of any Director for his misconduct to ensure that such arrangements are consistent with contractual terms and are otherwise reasonable and appropriate.

The responsibilities and rules of procedure of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee held four meetings to discuss and consider the following:

- reviewed and assessed the performance and the remuneration of Directors and senior management of the Company for the year 2022;

- reviewed and recommended the adoption of the Amended Post-IPO Share Option Scheme to the Board;

- reviewed and recommended the adoption of the Share Award Scheme to the Board;

- reviewed and recommended the grant of share options and the grant of RSUs by the Company to the Board;

- reviewed and recommended the resignation of the joint company secretary to the Board; and

- reviewed the recommending the remuneration policy and structure of Directors and Senior Management members of the Company for the year 2023 to the Board.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

During the Reporting Period, the attendance of each Remuneration Committee member at meetings is as follows:

Directors	Meetings attended/ Meetings eligible to attend
Dr. Ru Liyun	4/4
Mr. Dai Liqun	4/4
Mr. Chen Changhua	4/4

Remunerations of Directors and Senior Management

The Company has formulated a sound management performance assessment method and salary management method. The Company's human resources department is responsible for the formulation of the Company's management salary policy and salary plan. In 2023, the remuneration of the Company's senior management was paid in accordance with the 2023 Annual Remuneration Plan agreed by the Remuneration Committee and reviewed and approved by the Board, and the annual performance appraisal objectives (tasks) signed. In determining the remuneration of senior management, the following factors should be taken into consideration: (i) business needs and company goals; (ii) duties and personal contributions of senior managers; and (iii) related market changes, such as fluctuations in supply and demand and changes in competitive conditions.

The remuneration of Directors and senior management of the Company (whose biographies are set out on pages 30 to 35 of this annual report) during the Reporting Period falls under the following bands:

Band of Remuneration (RMB)	Number
1-200,000	5
200,001-500,000	0
500,001-800,000	5

DIRECTION NOMINATION POLICY

The Company has adopted a nomination policy. During the Reporting Period, the Nomination Committee recommended the Board for the appointment of Directors in accordance with the following procedures and process:

i. The Nomination Committee will, giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

ii. The Nomination Committee may consult any source it considers appropriate in identifying or selecting suitable candidates, such as referrals from existing Directors, advertising, recommendations from a third party agency firm and proposals from the Shareholders with due consideration given to the criteria which include but are not limited to:

    (a) Diversity in the aspects of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;

    (b) Commitment for responsibilities of the Board in respect of available time and relevant interest;

    (c) Qualifications, including accomplishment and experience in the relevant industries in which the Group's business is involved;

    (d) Independence of the candidates for a position of independent non-executive Director;

    (e) Reputation for integrity;

    (f) Potential contributions that the individual can bring to the Board; and

    (g) Plan(s) in place for the orderly succession of the Board.

iii. The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third party reference checks;

iv. The Nomination Committee will consider a broad range of candidates who are in and outside of the Board's circle of contacts;

v. Upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

vi. The Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such selected candidate;

vii. The Nomination Committee will thereafter make the recommendation to the Board in relation to the proposed appointment, and the Remuneration Committee will make the recommendation to the Board on the policy and structure for the remuneration;

DIRECTION NOMINATION POLICY (Continued)

viii. The Board may arrange for the selected candidate to be interviewed by the members of the Board, who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

ix. All appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) to be filed with the relevant regulatory authorities, if required.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Company for the Reporting Period which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's audited consolidated financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the Company's performance and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors regarding their reporting responsibilities on the audited consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 142 to 146 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an annual basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. The Board was satisfied with the internal audit function.

We have established risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. In particular, we have adopted and implemented risk management policies in various aspects of our business operations such as financial reporting, information system, regulatory compliance and human resources.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, such as financial report management policies, budget management policies, financial statements preparation policies and finance department and staff management policies. We have various procedures in place to implement these accounting policies, and our finance department reviews our management accounts based on such procedures. We also provide regular trainings to our finance department staff to ensure that they understand our accounting policies.

Information System Risk Management

We have implemented various measures to ensure our compliance with the relevant laws and regulations on data privacy and security in the PRC. We have designated personnel responsible for data protection and monitoring the operation of our information technology infrastructure, who has over 21 years of experience in information technology industry.

Our data assets are encrypted and stored on our firewall-protected cloud-based servers in Shanghai and Zhejiang Province and we back-up our data assets on a daily basis. We conduct data restore tests to examine the status of the backup system on a regular basis. We strictly restrict the range of data each employee is authorized to access based on his/her seniority and function. We keep detailed records of access log, which are subject to our regular auditing. We provide trainings on data protection to our employees from time to time and have entered into confidential agreements with our employees to prevent improper use or disclosure of data.

In addition to data security, we have several information system risk management measures in place to ensure the reliability and security of our information system. Firstly, we require our employees to update their power-on password every two months which shall contain at least a total of eight numbers, characters and special symbols to prevent code breaking. We also require responsible employees to encrypt confidential data and documents during their respective daily operations, and heads of each department are responsible for managing the passwords of such encrypted data and documents. We designate specific employees to examine and update such passwords every quarter. Secondly, we conduct regular health check of our software to protect them from computer viruses. We utilize anti-virus software built-in our operating system that delivers comprehensive, ongoing and real-time protection, to protect our information system from software threats, such as computer viruses, malware and spyware. Lastly, for details regarding our data protection and measures to safeguard against system hacking, please refer to section headed "Our Information Technology Infrastructure" in the Prospectus.

As of December 31, 2023, we did not experience any material information leakage or loss of data, nor did we experience any material infringement and/or unauthorized use of our copyrighted software intellectual properties.

Regulatory Compliance Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. Our legal and compliance department performs the basic function of reviewing and updating the form of contracts we enter into with our suppliers and customers. Our legal and compliance department also works with our external legal counsel to ensure that we have obtained and maintained all the necessary permits and licenses required for our operations. We continually improve our internal policies according to changes in laws, regulations and industry standards to ensure ongoing compliance.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Human Resources Risk Management

We provide regular and specialized training tailored to the needs of our employees in different departments. We have in place an employee handbook approved by our management and distributed to all our employees, which contains internal rules and guidelines regarding best commercial practice, work ethics, negligence and corruption. We provide employees with regular trainings and resources to explain the guidelines contained in the employee handbook.

Credit Risk Management

Our credit risk is primarily attributable to trade receivables, financial assets included in prepayments, other receivables and other assets, and cash deposits at banks. We manage credit risks primarily through the following measures:

- we have established risk management committee, consisting of chief executive officer, financial controller, vice president at sales and marketing department, and risk management director, primarily responsible for designing risk management structure and strategies, reviewing and monitoring the implementation of risk management policies, identifying risks, approving trading limit and credit limit, and updating our risk management policies in response to changes;

- we have implemented "know-your-customer" procedures and credit check to ascertain the background of our potential customers;

- we perform credit assessment on potential customers, and require them to prepay for our services before reaching certain threshold to minimize our credit risk exposure;

- we closely monitor the level of our trade receivables and other financial assets and take appropriate action to recover or minimize our loss where we foresee that our customer may default in its obligation;

- we have credit policy with respect to the transaction limit and credit period granted to our customers, which are subject to our on-going review and revision; and

- we use a provision matrix to calculate the expected credit losses in respect of our trade receivables and other financial assets to assess our exposure to credit risks.

We have established the Audit Committee to monitor the implementation of our risk management policies on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations.

Our finance department is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee on any issues identified. Members of finance department hold regular meetings to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The finance department reports to the Audit Committee to ensure that any major issues identified thus are channeled to the committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board if necessary.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Credit Risk Management (Continued)

In relation to the handling of inside information in compliance with the SFO, the Board and the senior management will hold meetings to discuss and ascertain whether the relevant information constitutes inside information of the Group and are responsible for the dissemination of those inside information, if any.

The Board, through the review made by the Audit Committee, has reviewed the effectiveness of the financial reporting system, risk management system and internal control system of the Group for the year ended December 31, 2023. The review covered all material aspects, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions. The Board believes the risk management and internal control systems of the Group are adequate and effective for the year ended December 31, 2023, and there are sufficient reports on the Company's environmental, social and governance performance. For the major risks faced by the Group, please refer to the section "Major Risks and Uncertainties" in the annual report "Report of the Board of Directors".

DIVIDEND POLICY

The Company had adopted an overall dividend policy subject to the following conditions.

The declaration and payment of dividends shall be determined at the absolute discretion of the Board and subject to all applicable requirements (including but not limited to the restrictions on dividend declaration and payment) under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Articles of Association and the any applicable law of Cayman Islands.

In proposing any dividend payout, the Board shall also consider, among other things:

- the actual and expected financial results of the Group;
- shareholders' interests;
- general business conditions and strategies;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- levels of the Group's debt to equity ratio and return on equity, and any financial restrictions imposed on the Group;
- any contractual restriction on the distribution and payment of dividends by the Company to the Shareholders or the distribution and payment of dividends by the Company's subsidiaries to the Company;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;
- taxation considerations;
- possible effects on the Group's creditworthiness;

DIVIDEND POLICY (Continued)

- legal and compliance restrictions;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The Board will propose the payment of dividend per share of the Company, if any.

Except for interim dividends and special dividends (see below), any dividends declared by the Company must be approved by an ordinary resolutions of the Shareholders at the AGM, and shall not exceed the amount of dividends recommended by the Board.

When the Directors verify that the Company has profit available for distribution, the Board may pay interim dividends and special dividends to the Shareholders from time to time. In addition to cash, dividends may be distributed in the form of Shares if it does not contravene and follow the procedures of the Articles of Association.

The Company will continue to review this policy and reserve its sole and absolute discretion to update, revise, and (or) modify this policy at any time, and this policy shall, in no event, constitute a legally binding covenant of the Company on any specific amount of dividends to be declared by the Company, and the Company has no obligation to declare dividends at any time or from time to time.

ANTI-CORRUPTION POLICY AND REPORTING POLICY

The Group strictly implements anti-corruption work requirements, actively carries out anti-corruption, anti- money laundering, business information confidentiality, declaration of conflict of interest and prevention of unfair transactions, etc., regulates business operations and employee behaviors, advocates a clean corporate culture, and safeguards the legitimate rights and interests of the Company. The Group has also set up a reporting channel to encourage all employees and stakeholders to report any suspected or actual violation of professional ethics and corruption cases to the legal department. For further details about the Group's anti-corruption policy and reporting policy, please refer to the "Environmental, Social and Governance Report" of the Company.

AUDITOR'S REMUNERATION

The auditor's approximate remuneration in respect of the audit and non-audit services provided to the Company during the Reporting Period is as follows:

Type of services	Amount (RMB)
Audit services	3,250,000.00
Non-audit services[1]	120,000.00
Total	**3,370,000.00**

Note:

(1) The non-audit services include tax compliance and advisory services, financial and tax due diligence services and other advisory services.

COMPANY SECRETARY

Prior to December 28, 2023, Ms. Peng Ting ("**Ms. Peng**") and Ms. Leung Shui Bing ("**Ms. Leung**") were the joint company secretaries of the Company, responsible for making recommendations to the Board on corporate governance matters, and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations. The main contact person of the Company was Ms. Peng.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Leung Shui Bing ("**Ms. Leung**"), listing services manager of TMF Hong Kong Limited (a global corporate service provider) to assist Ms. Peng in performing her duties as the company secretary of the Company.

On December 28, 2023, the Board of the Company announced that the Stock Exchange had confirmed that Ms. Peng was qualified to be the company secretary of the Company in accordance with Rule 3.28 of the Listing Rules. At the same time, Ms. Leung resigned as the joint company secretary of the Company on December 28, 2023. After Ms. Leung resigned, Ms. Peng was the only company secretary and the main contact person of the company.

During the Reporting Period, Ms. Leung and Ms. Peng had completed no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance, and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy, and considers that it is still effective.

The AGMs provide opportunity for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The auditor will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies, and auditor's independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a Shareholders' communication policy and maintains a website (www.netjoy.com), where the up-to-date information on the Company's business operations and developments, financial information, corporate governance practices, and other information are available for public access. The Company provides the contact email address (ir@netjoy.com) and telephone number (021-54722297) in the investor relations website, and actively established contact with shareholders and investors through the above methods, so that shareholders and investors can know about the company.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS BY SHAREHOLDERS

According to the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to make enquiries to the Board on matters regarding the Company may send their enquiries to the Investor Relations Department of the Company through email at ir@netjoy.com.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The Memorandum and Articles of Association of the Company remained unchanged during the Reporting Period, and the existing memorandum and articles of association of the Company will remain valid.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Netjoy Holdings Limited (the "**Company**"), its subsidiaries and consolidated affiliated entities from time to time (collectively the "**Group**", "**we**" or "**Netjoy**") are pleased to release the 2023 Environmental, Social and Governance ("**ESG**") Report ("**this Report**") to fully disclose the Group's vision, strategies and practices in environmental, social and governance aspects, and focus on responding to important issues of concern to stakeholders, so as to promote their understanding of our sustainable development performance.

TIME RANGE

The time limit of this Report is from January 1, 2023 to December 31, 2023 (the "**Reporting Period**" or "**2023**"). In order to maintain the continuity and integrity of information, this Report has backtracked and extended some contents.

SCOPE OF REPORT

This Report covers the main businesses of the Group, namely, online marketing solutions, E-commerce and distribution and other businesses in People's Republic of China (the "**PRC**" or "**China**"), including but not limited to new business areas such as short plays, which have achieved rapid development.

BASIS OF COMPILATION

This Report has been prepared in accordance with the ESG Reporting Guide as set out in Appendix C2 to the Listing Rules on the Stock Exchange, and has complied with the "comply or explain" clause, as well as the ESG reporting principles of materiality, quantitative, balance and consistency.

✓ Materiality: Adhering to the reporting principle of materiality, the board of directors of the Company (the "**Board**") and senior management identify, determine and regularly review ESG issues of most significance for business and operations through stakeholder engagement and materiality assessment results. For details, please refer to the corresponding sections of this Report.

✓ Quantitative: This Report has specified the statistical standards and methodologies used in the calculation of quantitative key performance indicators ("**KPIs**") (such as greenhouse gas emissions/energy consumption), and the sources of conversion factors. Please refer to the "Performance Data Summary" of this Report.

✓ Balance: During the preparation of this Report, the Group will describe the environmental, social and governance results as well as the difficulties encountered and their solutions in a balanced manner in an attempt to report the environmental, social and governance performance of the Group objectively and truthfully.

✓ Consistency: Unless otherwise stated, the methods of data collection and statistics remain consistent with last year.

APPROVAL OF REPORT AND LANGUAGE

This Report is announced with the approval of the Board on the websites of the Company and the Stock Exchange in English and Chinese. In case of any discrepancy between the English version and the Chinese version, the Chinese shall prevail.

CONTACT AND FEEDBACK

If you have any questions or feedback about this Report and its contents, please contact us in the following ways:

Address: 5/F, No. 3, 396 Guilin Road, Xuhui District, Shanghai, the PRC
Tel.: (86) 21-5472-2297
Email: ir@netjoy.com

IN 2023, OUR EFFORTS AND RECOGNITION

Award center	Honorary awards
Alimama Creative Center	"Best Partner of the Year"
The 9th TMA Mobile Marketing Award	"Most Influential Mobile Marketing Company of the Year"
Ocean Engine Channel sales management center	"Ocean Qianchuan Three-star Service Provider
Ocean Engine	"Co-engine and Case Award"
Ocean Engine	"Annual Ecological Award"
Ocean Engine	"Long-term Management Award of the Year"
2023 Tencent Advertising Channel Partner Summit	"Effect Innovation and Synergy Award of the Year"
The 14th Golden Mouse Digital Marketing Competition	"Gold Award of Creative Communication Track"
The 14th Golden Mouse Digital Marketing Competition	"Bronze Award of Live Marketing Track"
2023 Magnetic Engine Partner Conference	"Excellent Partner of the Year"
2023 Magnetic Engine Partner Conference	"Top Ten New Partners of the Year"
2023 Magnetic Engine Partner Conference	"Excellent Partner of the Year of Magnetic Taurus in 2023"
2023 Magnetic Engine Partner Conference	"2023 New Vertical Channel Partner of the Year"
The 3rd Kuaishou Magnetic Juxing Agent	"Silver Award in 2023 Magnetic Juxing Agent Case Competition"
2023 bilibili Channel Partner Conference	"Annual Vitality Service Provider Award"
2023 bilibili Channel Partner Conference	"Breakthrough Growth Partner Award of the Year"
2023 bilibili Channel Partner Conference	"Core Agent"
Golden Reward for Business Creativity Award	"Bronze Award of the 16th Golden Award for Business Creativity in 2023"
The 8th Zhitong Financial Listed Company selected	"Best TMT Company"
Fmarketing	"TOP 100 Digital Marketing Company in 2023"
Snowball Annual Gold Medal List	"Top 100 Growth Companies in 2023"

RESPONSIBILITY GOVERNANCE, BUILDING THE FOUNDATION OF SUSTAINABLE DEVELOPMENT

Steady and compliant corporate governance is the cornerstone of healthy and sustainable development of enterprises. Since its establishment, Netjoy has been adhering to the management principle of "building a career in good faith" and insisting on conducting business in a responsible way. Based on a sound corporate governance system, we are committed to integrating the concept of sustainable development into the overall operation of the enterprise, constantly improving the transparency and responsibility of the operation, pursuing the best practice of business ethics, and creating long-term value for all stakeholders.

ESG MANAGEMENT

In the daily operation of the enterprise, we attach great importance to the construction and improvement of ESG structure, constantly improve the governance level of ESG, and continue to promote the active cooperation and proper practice of ESG Working Group and specific functional departments to ensure the effective implementation of ESG-related work of the Company.

ESG GOVERNANCE STRUCTURE

In order to implement the Company's sustainable development concept, we have established a top-down three-tier ESG governance structure. As the highest governance body of the Company, the Board is responsible for formulating the Company's strategic guidelines, supervising the Company's business performance, coordinating ESG development strategies, managing ESG issues, reviewing the annual ESG report, and continuously paying attention to and following up on the improvement of ESG control processes and target systems.

The Board sets up the ESG Working Group to regularly coordinate and sort out the updates of ESG-related policies and systems every year, collect and integrate the annual ESG practical performance, review the Company's ESG annual performance, and submit ESG-related suggestions for the next year to the Board.

The ESG Working Group consists of functional departments, which are responsible for the implementation and practice of ESG work in coordination with the ESG division of labor of the company.

The Board

- ✧ Monitor and approve ESG strategy, work plan, performance and report
- ✧ Evaluate, prioritize and manage significant risks related to ESG and explore opportunities
- ✧ Review progress in achieving environmental, social and governance-related goals and objectives

ESG Working Group

- ✧ Assist in establishing ESG risk management and internal monitoring system
- ✧ Assist in Board to review the progress of ESG objectives
- ✧ Pass on the decisions of the Board on the work progress of various functional departments

Functional Department

- ✧ Implement ESG related measures and report the progress to ESG Working Group

STAKEHOLDER COMMUNICATION

The Company attaches great importance to communication with stakeholders. We are committed to establishing a smooth and efficient communication mechanism with stakeholders to ensure the effectiveness and normalization of communication. By building diversified communication channels, we can understand and respond to the demands and expectations of stakeholders in time, so as to improve the level of corporate social responsibility management and better fulfill our responsibilities.

In 2023, based on our own business situation, we identified six major stakeholder groups. The following table shows the communication channels used by Netjoy, the main concerns and expectations of major stakeholders.

Stakeholders	Expectations and Concerns	Channels of Communication
Customers	• Corporate governance • Product and service quality management • Information Security and Privacy Protection	• Company's website • Regular meetings • Email, mailbox, telephone • Online platforms • Customers' feedback and complaints
Employees	• Labor standards and employee rights and interests • Employee compensation and benefits • Staff training and career development • Occupational health and safety	• Email and suggestion box • Regular meetings and interviews • Annual employee performance appraisal • Staff training • Employee activities and team building activities • Seminars/Workshops/Lectures
Governments and regulators	• Corporate governance • Employee employment • Labor standards and employee rights and interests • Marketing and publicity • Pollutant emission	• Regular submission of documents • Regular communication with regulators • Compliance examination and evaluation • Forums/Seminars/Meetings
Shareholders and investors	• Corporate governance • Tackling climate change • Innovative research and development • Supply chain management • Protection of intellectual property rights • Marketing and publicity	• Company's website • Investor conferences • Corporate announcements, annual reports and interim reports • Annual general meetings and other general meetings

STAKEHOLDER COMMUNICATION (Continued)

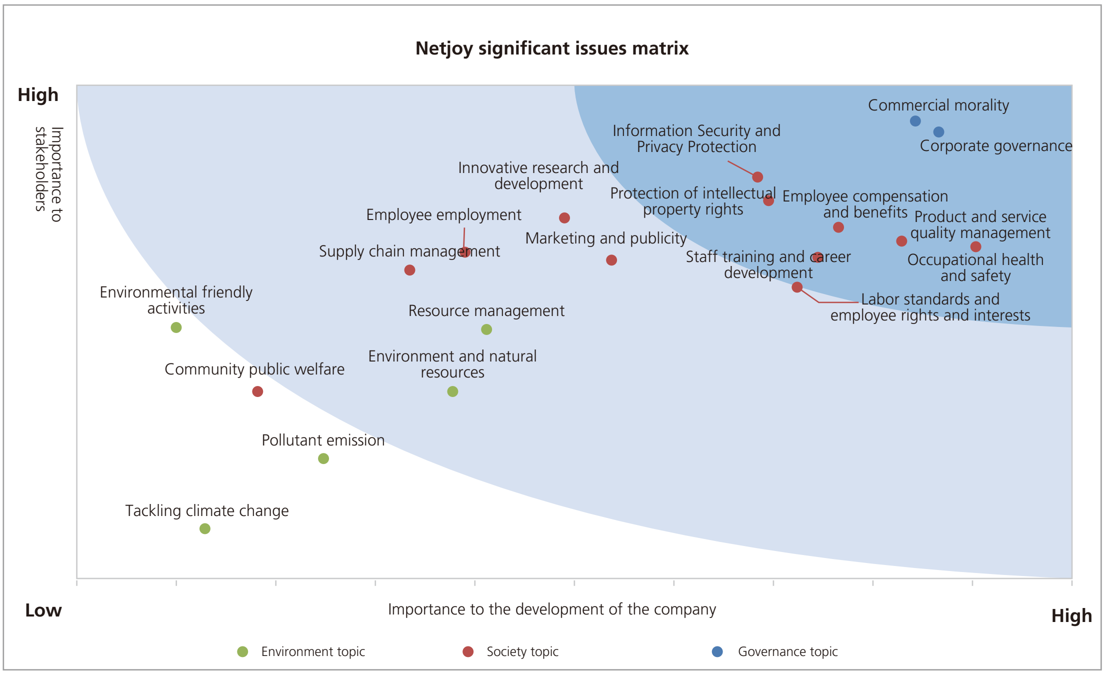
Stakeholders	Expectations and Concerns	Channels of Communication
Business partners	• Corporate governance • Supply chain management • Information Security and Privacy Protection • Marketing and publicity • Resource use	• Ongoing direct communication • Regular meetings and visits • Cooperation agreement • Supplier selection and appraisal • Procurement and bidding
Media and communities	• Corporate governance • Labor standards and employee rights and interests • Community public welfare • Marketing and publicity • Environment and natural resources • Environmental friendly activities	• Company's website • Press release • Online platforms (such as Weibo and WeChat)

IDENTIFICATION OF MAJOR ISSUES

In order to have a deeper and more objective understanding of ESG issues concerned by stakeholders, Netjoy analyzes and confirms the major issues that are highly concerned by internal and external stakeholders by distributing ESG survey questionnaires to stakeholders, and responds to the issues concerned by all parties in this report to fulfill relevant environmental, economic and social responsibilities.

Benchmarking	Stakeholder survey	Understand and analyze issues related to sustainable development	Form analysis matrix of major issues
• Analyze the issues concerned by capital market and rating agencies • Pay attention to macro policies, industrial polices and regulatory requirements • Carry out benchmarking of peer best practices, business characteristics and other information	• Formulate and publish information survey questionnaires on internal and external stakeholders	• Understand the priority issues concerned by all parties and form a matrix of major issues • Focus on disclosing relevant issues in the Report • Importance to stakeholders • Importance to Netjoy strategy	• 8 highly important topics • 7 moderately important topics • 4 low important topics

IDENTIFICATION OF MAJOR ISSUES (Continued)



BUSINESS ETHICS

Netjoy abides by business ethics, abides by the laws, regulations and various regulatory provisions of the region where it operates, upholds the operating philosophy of honesty and trustworthiness and compliance, constantly improves the business ethics system and anti-corruption mechanism, strictly guards against insider trading, strengthens awareness management, establishes a clean culture, enhances risk management and control capabilities, and strives to create a green, compliant, healthy and safe business environment.

Business Ethics Management

We always uphold the business values of fairness, transparency, honesty and integrity, and strictly abide by laws, regulations and normative requirements such as PRC Company Law (《中華人民共和國公司法》), PRC Supervision Law (《中華人民共和國監察法》), PRC Anti-Money Laundering Law (《中華人民共和國反洗錢法》), PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) and Interim Provisions on Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》). In order to standardize the Company's business behavior and maintain the integrity of the Company's business transactions, we have formulated the Anti-Money Laundering Management Measures (《反洗錢管理辦法》), the Code of Conduct for Employees (《員工行為準則》), the Integrity Clause (《廉潔條款》), the Confidentiality Agreement (《保密協議》) and the Code of Professional Ethics and Business Conduct (《職業道德與商業行為準則》), and made every effort to ensure the integrity and efficiency of the Company's operations.

BUSINESS ETHICS (Continued)

Anti-corruption Report Management

The Group has set up a sound anti-corruption reporting management mechanism, constantly improved the reporting process, encouraged employees to supervise each other's violations of discipline, and set up various public reporting channels for violations of discipline by taking advantage of their positions and powers to prevent corruption risks. In response to the report of internal corruption incidents, we conduct special investigations according to the size, nature, whether external personnel are involved and whether criminal cases are involved. Once the corruption case is confirmed, the Group will immediately take appropriate remedial measures and evaluate its effectiveness and internal control procedures to avoid the recurrence of corruption cases. In addition, discuss the punishment results with the management, take appropriate disciplinary action against the violators, and report the investigation results to internal and external third parties and law enforcement agencies when necessary.

Reporting management process

1. Receiving report information
2. Audit and supervision center to review the report information
3. Confirm that the report is true
4. Divide the event types
5. Carry out special investigation
6. Deal with relevant responsible persons
7. Issue an investigation report
8. End the investigation and file the data

In order to encourage and support employees, suppliers, partners and customers of the Group to report all improper behaviors and ensure that fraud cases are handled and solved in time, the Group has set up various complaint reporting channels, including hotline, email, fax or letter for reporting corruption cases. After receiving the report, the audit department of the Group will follow up with relevant departments in a timely manner and feed back the investigation results to the informant. In order to encourage employees to report any suspicious matters that may violate the company's compliance plan to the company, we accept anonymous reports and prohibit any retaliation against whistleblowers.

Reporting Call	Reporting Mailbox	Letter Reporting Address
021-54722297	ir@netjoy.com	Floor 5, Building 3, No.396 Guilin Road, Xuhui District, Shanghai

Reporting channel

STEADY OPERATION, BUILDING A BENIGN INDUSTRY TOGETHER

Based on the Group's three strategies of "Platformization", "Diversification" and "Internationalization", we constantly enhance our capabilities and advantages in technology, products and services to meet the service needs of customers' marketing and publicity. In addition, the company attaches great importance to business integrity, strictly abides by business ethics standards, adopts a zero-tolerance attitude towards any form of bribery, fraud and corruption, fulfills corporate responsibilities, maintains fairness and stability of the market, and strives for sustainable development.

Quality Assurance

Netjoy attaches great importance to service quality and guarantee, and strictly abides by PRC Product Quality Law (《中華人民共和國產品質量法》), PRC Consumer Rights Protection Law (《中華人民共和國消費者權益保護法》), PRC Company Law (《中華人民共和國公司法》), PRC Civil Code (《中華人民共和國民法典》) and other relevant laws and regulations on products and services in the place of operation.

In order to continuously strengthen the Company's core competitiveness, during the Reporting Period, we continued to strengthen platform technology, enrich comprehensive media resources, balance high-quality corporate customer groups, steadily expand new business areas with potential, actively promote online marketing solutions, and E-commerce and distribution, and fully guarantee service quality.

Online marketing solution (short video marketing) is the core strength of the Company, and it is also the "moat" of various businesses. In order to better improve the quality of marketing services and meet the needs of customers, we upgrade the platform technology, innovate the content capacity, optimize the media and customer structure, and improve the diversified and comprehensive sales service quality, so as to enhance our "internal force" and expand the business volume. During the Reporting Period, we continuously improved the full-link technical system for short video sales, and iteratively upgraded the two self-developed technical platforms of "Tianji" and "Lianshan Zhitou" to provide customers with one-stop technical service solutions covering large-scale content production, programmed accurate delivery, big data effect analysis and independent budget management. In addition, we also strengthened the production capacity of creative content driven by data and technology, and promoted short video production by integrating AIGC[1] and NLP[2] technologies with graphic application capabilities, so as to improve the output efficiency and quality of the team's graphic content such as script creation, marketing copy and element design, and comprehensively help the company maintain its service quality and efficiency in the field of short video marketing at the leading level in the industry.

Accurate Insight Into the Brand and Market, Targeted Brand Marketing

A subsidiary of Netjoy, has cooperated with one nutrition brand since 2019, helping it to create a variety of explosive marketing cases on the platform of Xiaohongshu, establishing a deep and solid partnership, and achieving a comprehensive upgrade of brand image and product exposure in the continuous brand marketing rhythm.

During the Reporting Period, the Group, relying on in-depth and thorough market insight and precise marketing ideas, helped this brand to achieve a large-scale multi-circle communication effect with a total number of advertisements displayed over 100 million times and a total number of advertisements clicked over 10 million times in the platform of Xiaohongshu within three months, and helped the brand's new products to rank TOP 3 in the same category of Xiaohongshu in a single month.

1 AIGC: AI-Generated Content, refers to the automatic production of content by using AI technology.
2 NLP: Natural Language Processing, refers to converting human natural language into computer-readable instructions.

STEADY OPERATION, BUILDING A BENIGN INDUSTRY TOGETHER (Continued)

E-commerce service, as the focus of the company's annual business development, has achieved a lot of results. During the Reporting Period, starting from brand live broadcast operation, we continuously broadened and strengthened more comprehensive e-commerce service capabilities, and extended consumer goods track to life service category. In the short video industry ecology, we have gradually established an integrated global e-commerce service system including brand self-broadcasting, talent matching, store operation, etc. At the same time, combined with our industry-leading large-scale creative production capacity, precision marketing technology and data analysis capabilities, we help brands achieve efficient global growth in the short video platform with more comprehensive service contacts. In addition, during the Reporting Period, we further deepened the expansion of the e-commerce industry chain, extended e-commerce services to various channels, deepened the layout of consumer goods such as digital and daily chemical products, which are three types of electronic products ("**3C**") with industry advantages, and covered many links in the upstream and downstream supply chains, and provided e-commerce services to many domestic and foreign brands such as digital, clothing, pets, maternal and child, and daily chemical products.

Help the Brand from "Content E-commerce" to "Global E-commerce"

With the industry-leading short video marketing technology and content service strength, Netjoy can not only produce large-scale short video content, but also refine high-quality video content and creative architecture for drainage by testing the drainage effect of different short video types in batches and implementing data feedback.

In 2023, a subsidiary of Netjoy, helped one pet brand become the first in the list of live delivery hours of pet food on the day of the TikTok Platform 618 Promotion.

Netjoy continuously builds a multi-collaborative business matrix, consolidates its internal strength, stabilizes customer service quality and product quality, and continuously builds a perfect intelligent short video eco-service business system to realize the overseas extension of core technologies and superior services.

FEEDBACK MANAGEMENT

Netjoy has set up an efficient customer feedback and complaint mechanism. Customers can communicate with our legal and compliance departments through e-mail, and we will conduct internal investigation on the complaints, suggestions or opinions raised, and feedback the final results to customers in time. During the Reporting Period, we did not receive any complaints about products and services.

Based on Netjoy's business model, product recycling and recall are not involved, and the number of events being recycled for safety and health reasons is zero.

INNOVATIVE DEVELOPMENT

As a technological innovation enterprise, Netjoy will continue to invest resources in the development and innovation of technical assets. We attach importance to the research and development and application of digital technology, and constantly try to expand the application and empowerment of AI technology. In-depth research has been carried out in the aspects of automatic generation of video creativity and content modeling of Metauniverse scenes, focusing on the application capabilities of AI technology, content production, large-scale operation and management, such as AIGC technology, NLP technology, digital artificial ability and 3D modeling of virtual scenes. Through long-term deep cultivation of technology accumulation and data precipitation in MarTech field, Netjoy has implanted AIGC technology into the existing SaaS product matrix and realized commercial application. At the same time, it continues to be deeply frank in the underlying technical support and top-level digital application, and is developing intelligent video AI creation SaaS tools for e-commerce vertical customers to improve the scale marketing efficiency of different scenes in short video tracks.

We will continue to work hand in hand with industry-leading content and technology partners to develop the technical infrastructure of Metauniverse marketing scenarios, and adopt VR/Augmented Reality ("**AR**") content marketing, digital business applications and other technical solutions in customer service.

INTELLECTUAL PROPERTY RIGHT

Netjoy takes innovative research and development as the vitality of sustainable development of enterprises, and regards intellectual property as an important property of enterprises. We strictly abide by the laws and regulations of PRC Patent Law (《中華人民共和國專利法》), PRC Trademark Law (《中華人民共和國商標法》), PRC Copyright Law (《中華人民共和國著作權法》) and other operating institutions, constantly improve the intellectual property management framework, formulate internal management systems, standardize the application and approval process of intellectual property rights, and improve the intellectual property awareness of all employees through daily work exchanges and diversified publicity. The Company implements a series of measures to protect our intellectual property rights such as data assets, proprietary technology and software copyright.

- When concluding the annual framework agreement with customers, clearly state the ownership and terms of use of intellectual property rights, and communicate with customers to confirm that the intellectual property rights of the advertising content we produce are owned by Netjoy, and advertisers only have the right to use the relevant content in the advertising activities we launch or manage, thus reducing the risk of infringement of intellectual property rights.

- Set out the confidentiality clause of intellectual property ownership in the employee handbook, stipulating that employees shall not disclose, transfer, publicly publish or apply any trade secrets and confidential information to any third party outside the Company without the written consent of the Group, in order to safeguard our exclusive right to intellectual property and prevent the unauthorized use of the intellectual property of the Company.

RESPONSIBLE MARKETING

We take personal actions to ensure responsible marketing, and strictly check marketing promotion materials to ensure the scientificity, accuracy and completeness of the content to prevent exaggerated or false information. The Company strictly abides by the Regulations on the Protection of Information Network Communication Rights (《信息網絡傳播權保護條例》), actively responds to the initiative of the Convention on Self-discipline of Webcast and Short Video Marketing Platforms (《網絡直播和短視頻營銷平台自律公約》), earnestly fulfills its social responsibilities, and has the obligation to manage and review the information uploaded by users. In addition, we publicize the system and the concept of responsible marketing for business-related personnel, establish the awareness of responsible marketing from the inside, and strengthen the marketing management of the Company.

As a full-link technical service platform for short video marketing, Netjoy currently has a self-developed one-stop cross-platform programmatic advertising and data management platform "Lianshan Zhitou", a cross-platform account efficient management tool "Tianji", and a comprehensive cloud service product such as TikTok full-link marketing SaaS system "Yunshi Youke" for small and medium-sized enterprises, which can improve the production and operation efficiency, delivery effect and automatic control ability of marketing content for different types of customer groups.

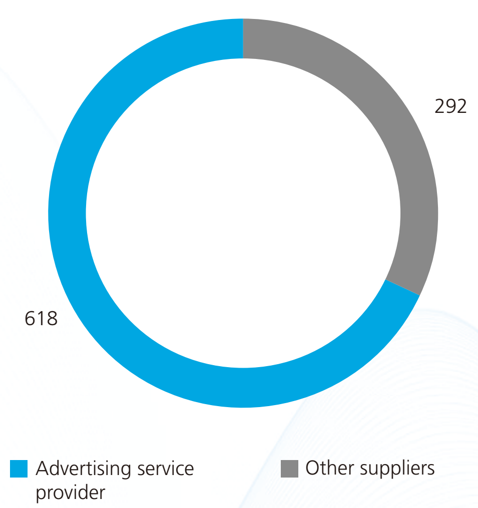
SUPPLY CHAIN MANAGEMENT

The Group strictly abides by the PRC Bidding Law (《中華人民共和國招投標法》) and the PRC Anti-monopoly Law (《中華人民共和國反壟斷法》), and issues the Code of Conduct for Suppliers (《供應商行為準則》) and the Procurement Management System (《採購管理制度》). When selecting suppliers (namely, media partners, including network platforms and third-party content distribution partners who employ our media agents on behalf of network platforms to bring and introduce traffic to our network platforms, as well as suppliers who provide daily necessities and professional services) not only focus on the quality of products and services, but also pay attention to their work in social responsibility, human rights compliance, ethics and environmental awareness, continuously improve the supplier management system and actively build a sustainable supply chain.

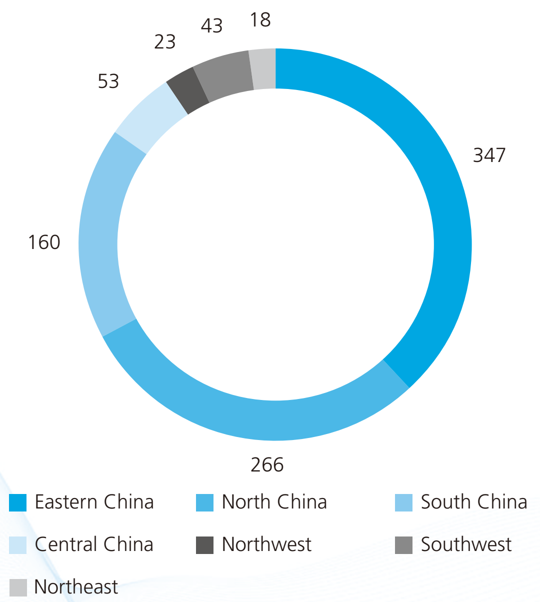
While standardizing supplier management, we provide clear regulations and implement monitoring on procurement procedures, bidding processes and contract signing processes, so as to optimize procurement costs, improve efficiency, product and service quality and ensure fair and open competition. We will select and employ suppliers by means of agreement procurement, bidding procurement, negotiation procurement and inquiry procurement, shop around (except for some special customized products procurement), and consider the supplier's enterprise qualification, the track record of relevant enterprises' supply/service quality, legal compliance, credit level and financial stability, etc., so as to evaluate its qualification and ability. When signing a purchase contract with all suppliers, the Company lists the terms of the contract, the rights and obligations of both parties and the liability for breach of contract in detail, and requires them to abide by them together in business cooperation. We take the environmental management and social risks of suppliers into consideration, and give priority to suppliers who use green products or services.In addition, we attach great importance to business ethics and integrity, and maintain long-term cooperative relations with suppliers and media partners and agents. We strictly prohibit suppliers from offering any benefits or gifts to employees. The Company will also take the environmental and social performance of suppliers into account during supplier access and evaluation, and promote suppliers to build a green supply chain.

At December 31, 2023, the Company had employed 910 major suppliers (media partners) in China to support our business development.

Number of suppliers by type



Number of suppliers by region



SECRET PROTECTION

Netjoy strictly abides by the PRC Network Security Law (《中華人民共和國網絡安全法》), Personal Data (Privacy) Regulations (《個人資料(隱私)條例》), Data Security Management Measures (《數據安全管理辦法》) and other relevant laws and regulations, and formulates and implements a number of systems and measures within the Group, such as Database Protection Mechanism (《數據庫保護機制》) and Information Confidentiality Management System Provisions (《信息保密管理制度規定》), in order to standardize the management and protection of confidential information of the Company and ensure the safety of data assets and customer information.

Data Encryption and Backup

- The internal data assets of the Company are encrypted and stored in the cloud server protected by firewall, and the data assets are backed up everyday;
- The Company adopts MySQL, incremental backup, local backup, cloud storage and other data backup methods to ensure the security of the Company's data.

Regular Inspection/Review and Monitoring

- Regularly conduct data recovery tests to monitor the status of the backup system;
- According to the qualifications and functions of each employee, the Group strictly limits the scope of the data authorized to be read, keeps detailed access logs and conducts regular reviews;
- The Company has an automatic monitoring system to monitor the key indicators of business operation and information technology infrastructure, and when the monitoring indicators exceed the safety wiring of the area, an alarm will be triggered.

Multiple Network Security Measures

- The Company appoints experienced personnel to take charge of data protection and monitor the operation of the Company's information technology infrastructure to ensure its security, reliability and stability;
- The Company isolates the database from unauthorized access, and uses complex security procedures for internal and external procedures for internal and external communication and transmission of encrypted data.

Internal Publicity

- The Group provides employees with training on data protection from time to time, and signs confidentiality agreements with employees to prevent data from being improperly used or disclosed.

In terms of information system risk management, the Company requires employees to update their passwords for booting in computer every two months, and requires the responsible employees to encrypt confidential data and documents in their daily work. The heads of all departments are responsible for managing the passwords related to encrypted data and documents, and double-encrypting the disclosure of important information of second party. In order to reduce the risk of computer poisoning, we regularly check the health of the software, and build anti-virus software into the operating system, so as to comprehensively and real-timely protect our information system from the threats of computer viruses, malware and spyware.

During the Reporting Period, the Company did not have any non-compliance incidents such as data privacy.

GREEN AND LOW-CARBON, CREATING THE BEAUTY OF GREEN WATER AND GREEN MOUNTAINS

Netjoy adheres to the concept of green development, fully conforms to the national double-carbon goal and the energy transformation trend, actively implements the green action plan, continuously reduces the negative impact brought by its own production and operation links, strives to contribute environmental benefits to the value chain, practices corporate environmental responsibility in all directions and dimensions, and works with all parties to create a green castle peak.

CLIMATE CHANGE

The Group pays close attention to the issue of climate change, constantly improves its adaptability to climate change, fully responds to the impact of climate change on the Company's business operations, and grasps the opportunities for industry development brought about by climate change to create long-term and stable enterprise value.

We refer to the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) and the Guidelines on Climate Information Disclosure (《氣候信息披露指引》) of the Stock Exchange, and combine our own business and operational characteristics to make overall arrangements for low-carbon development paths, so as to contribute to the harmonious development of economy, society and environment.

Climate Risk Identification and Response

Combined with its own business characteristics, the Group initially identified the risks brought by climate change from physical risks and transition risks, and carried out corresponding actions. At the same time, the identification and management of climate risks were integrated into our existing management system.

Physical risk	Acute risk	More and more serious extreme weather events (such as frost, rainstorm and hail) may cause damage to our office building, such as interrupting network lines, further affecting our business operations and increasing the safety risks of employees on their way to and from work.
	Chronic risk	The increase in the severity and frequency of extreme weather events (such as floods, extreme cold waves and heat waves caused by rising seawater levels) may cause the office building to be flooded, thus interrupting our business operations and increasing the Group's energy consumption and operating costs.
Transformation risk	Political, Market and Reputation Risks	More and more laws and regulations and changing public preferences require enterprises to transition to a low-carbon economy more quickly, which may increase the operating costs of enterprises, thus bringing potential risks of financial instability to enterprises.
	Product service opportunities	The change of customers' preferences may lead to an increase in demand for environmentally-friendly and low-carbon goods and design services. In the future, more activities and services may be carried out online instead of offline, which will bring opportunities for the Group's business operation.

GREEN AND LOW-CARBON, CREATING THE BEAUTY OF GREEN WATER AND GREEN MOUNTAINS (Continued)

Climate Risk Identification and Response (Continued)

Our Response

- Pay continuous attention to national policies and regulations, strictly abide by applicable laws, and regularly review and analyze reporting requirements
- Specify the emergency management plan of the office to ensure the routine operation of the business in extreme weather
- Strengthen the management of office energy resources and actively advocate green operation
- Actively promote the transformation of low-carbon production and operation, such as expanding the application scenarios of digital platforms
- Replace or upgrade the equipment and facilities used in office or operation, and eliminate high-energy-consuming equipment
- Increase the Group's attention to climate change, including strengthening the identification, management and pre-planning of climate change risks
- Establish all-round communication channels with stakeholders, communicate with stakeholders on a regular basis, and feedback the Group's actions on climate issues in time
- Continue to strengthen the Company's environmental management, do a good job in controlling greenhouse gas emissions,and ensure good environmental performance
- Carry out environmental protection and energy conservation publicity, and establish communication and display channels with the public

GREEN AND LOW-CARBON, CREATING THE BEAUTY OF GREEN WATER AND GREEN MOUNTAINS (Continued)

Climate Risk Identification and Response (Continued)

Energy Use

The Company strictly abides by laws and regulations such as PRC Energy Conservation Development (《中華人民共和國節約能源法》), devotes itself to improving the efficiency of energy use, deeply implements energy conservation and consumption reduction in the production and operation of the Group, and contributes to low-carbon development.

Based on the business model of Netjoy, the main energy consumption type of the Company is the power use in the office area. Therefore, the Company has formulated office management measures and energy-saving measures, and issued the internal system of Workplace Management System V2.0 of Netjoy Holdings Co., Ltd., at the same time, it has enhanced employees' awareness of environmental protection in daily operations and properly managed our energy consumption, thus reducing greenhouse gas emissions in the whole operation process. During the Reporting Period, we continued to promote the construction of green office scenes and implemented a number of energy-saving and consumption-reducing measures to minimize energy consumption during the Company's operation.

Green Office, Energy Saving and Consumption Reduction

- ✧ Post environmental protection signs on office equipment and workplaces to enhance employees' awareness of environmental protection
- ✧ Require employees who leave the office last every day to turn off the air conditioning and lighting in the office
- ✧ Make full use of natural light to reduce energy consumption of lighting equipment during office hours,
- ✧ Set air conditioner at 26 degrees Celsius in summer and 20 degrees Celsius in winter
- ✧ If natural ventilation can be used in office areas, the use of air conditioners should be minimized
- ✧ Use more energy-efficient lighting equipment in the office area, such as LED tubes and fluorescent lamps
- ✧ The company purchases, uses or replaces electrical appliances (air conditioners, drinking fountains, etc.) with first-class certification in china energy label to reduce electricity consumption
- ✧ Buy environmentally friendly batteries and paper with FSC certification
- ✧ The company encourages employees to take public transportation or new energy vehicles
- ✧ Encourage paperless office, adopt video teleconference, and reduce unnecessary travel arrangements

RESOURCE USE

The resources used in the daily operation of the Company are mainly water resources and paper. We are committed to improving the efficiency of the use of resources to achieve green operation.

Water Resources Use

The use of water resources mainly comes from domestic water in our daily office operation. The Company strictly abides by PRC Water Law (《中華人民共和國水法》) and other relevant laws, regulations and rules, constantly optimizes the watersaving mechanism, introduces water-saving equipment, and promotes water circulation. We encourage all employees to form the habit of saving water, and strengthen their responsibility and awareness of saving water in this regard. Water saving signs are posted in the tea room and bathroom to remind employees to turn off the tap after using water, so as to avoid long water pipes and reduce the waste of water resources. According to the results of materiality assessment and reporting principles, water efficiency is not an important issue for the Group. We will continue to evaluate the impact of this issue on our stakeholders and business operations, and then set water efficiency-related goals in the future. During the Reporting Period, as the water used in the Group's operation was supplied by the property management company, the Group did not encounter any problems in obtaining suitable water sources.

RESOURCE USE (Continued)

Paper Use

The Group advocates paperless office, and reduces printing and paper consumption by using OA system for online office and computer technology application for internal communication, document storage and document circulation. We adjust the printer's permanent status to double-sided printing mode, and require employees to implement the principle of "think carefully before printing" and carefully select the documents to be printed. When copying or printing documents, we try to print on both sides. The Group also encourages the reuse of paper printed on one side, and puts used waste paper on both sides into recycling bins for recycling.

POLLUTANT EMISSION

We carry out our own environmental management responsibilities and operate in strict accordance with the PRC Environmental Protection Law (《中華人民共和國環境保護法》), PRC Air Pollution Prevention Law (《中華人民共和國大氣污染防治法》), PRC Water Pollution Prevention Law (《中華人民共和國水污染防治法》), PRC Solid Waste Pollution Prevention Law (《中華人民共和國固體廢棄物污染防治法》) and other laws and regulations. As the Group mainly operates in offices, these environmental laws and regulations have not had a significant impact on the Group. During the Reporting Period, the Company did not find any violation of relevant laws and regulations on air and greenhouse gas emissions, sewage discharge to water and land, and hazardous and harmless waste generation.

Based on the nature of the Company's business, our production and operation places are all in office buildings, so it does not involve production wastewater, waste and industrial waste, but only produces pollutants from routine operation in living and office areas.

Waste Management

The Group continues to implement the concept of green operation, minimize resource consumption, and always adhere to the 4R principle[3] in daily operations to reduce resource waste from the source and optimize the use of resources and materials.

Hazardous Wastes

The harmful waste generated in the operation of the Company are mainly ink cartridges, waste batteries, waste lamps and old electronic products. All generated hazardous wastes will be collected and recycled by service providers and property management companies. Due to the limited amount of hazardous wastes generated and the Company's view that the impact of hazardous wastes generated in this year's operation on the environment is relatively slight, relevant data will not be disclosed.

3 4R principle, Reduce, Reuse, Recycle, Replace.

POLLUTANT EMISSION (Continued)

Waste Management (Continued)

Non-hazardous Wastes

The non-hazardous wastes produced by the Company are mainly domestic garbage, paper, glass bottles and plastics. Therefore, we strictly implement garbage classification according to local conditions, including dry garbage, wet garbage and recyclable garbage, and properly classify the recycled waste and hand it over to the property management company for collection and recycling. According to the results of importance assessment and reporting principles, non-hazardous wastes management is not an important topic of the Company. We will continue to evaluate the impact of this issue on our stakeholders and business operations, and then set relevant targets for reducing harmless waste in the future.

Use double-sided printing, reuse single-sided printing paper	Place waste paper recycling bins next to photocopiers and printers	Use network or other communication equipment to share information and reduce paper printing
Reduce disposable goods (e.g.stationery, tissues and paper cups, etc.)	Use reusable products (e.g. folders, scissors, paper bags, envelopes,etc.)	Divide recyclable wastes into five categories: plastic bottles, aluminum cans, stationery, plastics and paper boxes to be collected and recycled

Waste Reduction Measures Taken by the Company

HARMONY AND INTEGRATION, SHARING THE WAY OF HARMONIOUS AND BEAUTIFUL ENTERPRISES

The development of the enterprise depends on the development of talents and the help from all walks of life. Netjoy knows the importance of employees to the sustainable development of the enterprise. We adhere to the people-oriented principle, create a fair and transparent employment environment for employees, earnestly safeguard the legitimate rights and interests of every employee, continuously expand the platform for employee growth and career development, build and maintain a healthy, safe and comfortable working environment, and strive to work hand in hand with employees for common growth. In addition, we have always been committed to understanding social needs, actively assuming social responsibilities, and operating our own professional knowledge and resources to encourage and promote the younger generation to join the short video industry and help the industry flourish. We hope that with our own strength, we can integrate social resources, help the sustainable development of society and realize a better life for all.

HARMONY AND INTEGRATION, SHARING THE WAY OF HARMONIOUS AND BEAUTIFUL ENTERPRISES (Continued)

Employee Rights and Interests

Netjoy strictly abides by the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》), the Provisions on Prohibiting the Use of Child Labor (《禁止使用童工規定》), the Law of PRC on the Protection of Minors (《中華人民共和國未成年人保護法》) and other relevant laws and regulations, respects and protects human rights, and strictly prohibits forced labor and employment of child labor in any sense. Adhering to the corporate culture of "pursuing excellence", "being self-motivated", "being frank and direct" and "achieving each other", we have established a sound recruitment system and a sound human resource management framework, and formulated a staff management system. In case of any illegal incidents such as child labor, we will resolutely take necessary corrective measures, including terminating or suspending the employment relationship, thoroughly investigating the incident and notifying relevant government departments. During the Reporting Period, we updated and revised the Netjoy Employee Handbook to clearly list the rights and interests enjoyed by employees, hoping to protect the rights of employees to the greatest extent. During the Reporting Period, the Company did not have any violations such as employing child labor and forced labor.

Salary and Welfare

We strictly abide by the laws and regulations of the place where we operate, and provide employees with competitive salary by building a salary management standard system based on personal value, post value and contribution value. In order to improve the employee salary management system and stimulate the enthusiasm and creativity of employees, we have formulated the Performance Management System, and we provide post allowance and meal allowance for employees according to their positions, genders and grades. At the same time, we will regularly review and adjust the employee's salary according to the company's operating efficiency, market salary level, attendance record, employee's performance and employee's service years, so as to ensure that they get fair salary and conform to current market conditions and practices. In addition, the Company regularly carries out employee performance appraisal, which evaluates employees' work performance, performance, qualifications, experience and ability, and the results are directly linked to salary raise, performance bonus and position promotion.

We also pay the housing accumulation fund and social insurance (i.e. pension insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance and housing accumulation fund) for employees according to the standards of their work places, and implement the standard working hours system of 8 hours a day and 5 days a week according to the general jobs, while some managers implement the irregular working hours system. We encourage employees to work efficiently and do not advocate overtime. If employees need to extend their working hours due to business needs or special reasons, or work overtime on rest days or statutory holidays, we will pay overtime compensation or compensatory leave to employees according to relevant labor laws and regulations after consultation and management approval.

HARMONY AND INTEGRATION, SHARING THE WAY OF HARMONIOUS AND BEAUTIFUL ENTERPRISES (Continued)

Employee Communication and Care

In order to safeguard the legitimate rights and interests of employees and listen to their true voices, the Group has set up various communication channels and complaint channels for employees, including e-mail, WeChat group and Dingtalk office platform software. In order to listen to employees' opinions and suggestions in time, we also set up human resources business partners, which are mainly responsible for collecting and timely handling the difficulties, feedback or suggestions that employees encounter in their daily operations.

We always care about employees. By carrying out employee care and caring activities, we can draw closer to employees, enhance the feelings among employees, relieve work pressure and enhance corporate cohesion. The Company regularly organizes employee activities, such as sports fun days and employee birthday parties. In traditional festivals, the Company also prepares exquisite gifts for each employee. In addition, in order to balance the work and life of employees and deepen their understanding, we provide group building activities or organize employee tours for employees from time to time to increase their sense of belonging.

Pluralistic Equality

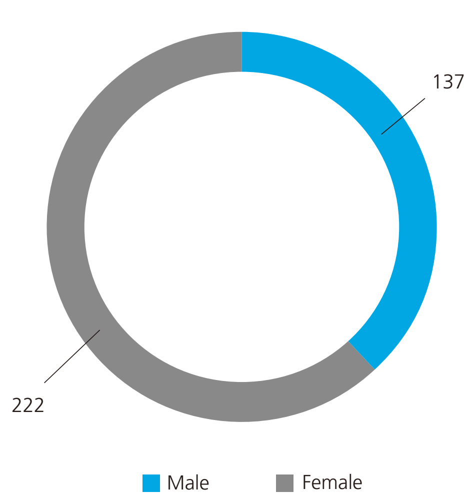
The Group has always adhered to the recruitment principle of equal employment. In view of the talent introduction process, we have set up strict recruitment and audit procedures, and made clear provisions on recruitment management and dismissal in the Detailed Rules for Human Resources Management in the employee handbook. In the recruitment process, we select suitable candidates based on objective factors such as interview performance, qualifications and work experience, and resolutely put an end to any discrimination against nationality, native place, gender, language, education, age and religious belief. The Group signs labor contracts with regular employees according to law to protect their legitimate labor rights and interests. If an employee seriously violates the Company's rules and regulations, he will face disciplinary action or dismiss the relevant employee after investigation and confirmation of the case.

HARMONY AND INTEGRATION, SHARING THE WAY OF HARMONIOUS AND BEAUTIFUL ENTERPRISES (Continued)

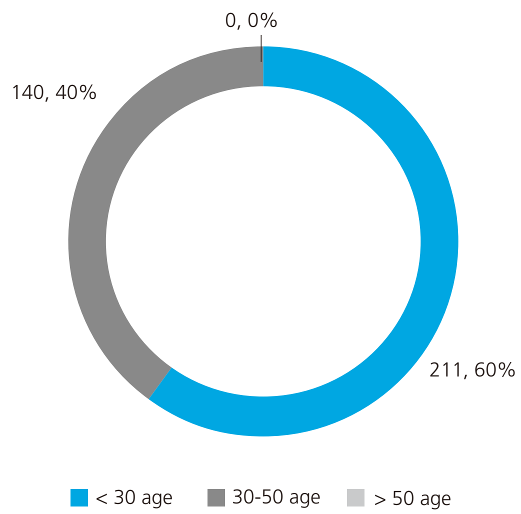
Pluralistic Equality (Continued)

Netjoy has always adhered to diversity and inclusiveness, constantly optimized the staff structure, and strived to promote the rational distribution of employees by gender, age and region. The employee overview of Netjoy in 2023 is as follows:

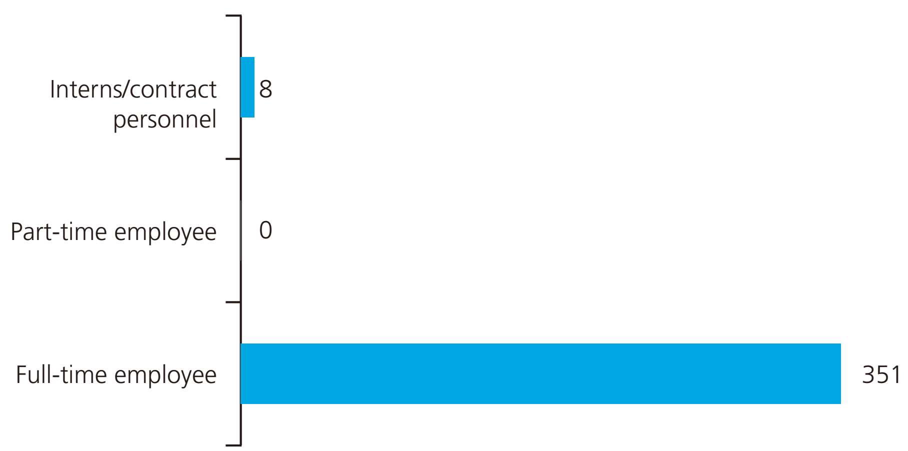
Number of employees by gender



Number of employees by age



Number of employees by employment type



HARMONY AND INTEGRATION, SHARING THE WAY OF HARMONIOUS AND BEAUTIFUL ENTERPRISES (Continued)

Personnel Training

Netjoy attaches great importance to employee development, provides resources and support for employees, clarifies the growth, promotion and career development path of each employee, and constantly improves the talent training system and diversified career development channels. We set a clear career development plan for employees, and realize the common development and growth of employees and the Company. In addition, the Company has formulated a complete staff training management system, built a professional and excellent staff team with overall quality, and regularly conducted targeted training courses according to the different ranks and demands of employees. We encourage employees to learn and further their studies, and promote their professional quality.

We have created management, general and professional training programs to meet the growth needs of employees, realize the value of employees and help the development of enterprises.

General Training

- Induction training for new employee

Management Training

- Mentor training camp
- Management training camp
- Middle and senior management training

Professional Training

- Project management training camp

Induction training for new employees: it is mainly aimed at new employees of the Group, and carries out training contents including group introduction, corporate culture, business introduction, post situation, professional quality, organization and operation, etc. Through various trainings, it helps new employees adapt to and integrate into the Group. During the Reporting Period, 444 employees participated in the induction training for new employees.

Mentor training camp: it is mainly aimed at training mentors and junior managers of the Group. Through systematic study and exchange of mentor training courses, it helps mentors to deeply understand their roles and master the key skills of talent management and training, and helps mentors/junior managers to improve their skills in talent identification, goal achievement, communication feedback and counseling. During the Reporting Period, a total of 22 people participated in the training camp.

Management training camp: it is mainly aimed at middle-level managers of the Group. Through training, it helps middle-level managers to clarify the relationship between managers' roles and master scientific and effective skills of self-management, business management, team management and collaborative management, so as to enhance team leadership, and then promote management employees to become the backbone of the Company. During the Reporting Period, a total of 21 management employees participated in the management training camp.

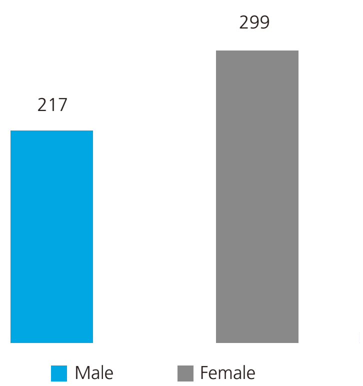
HARMONY AND INTEGRATION, SHARING THE WAY OF HARMONIOUS AND BEAUTIFUL ENTERPRISES (Continued)

Personnel Training (Continued)

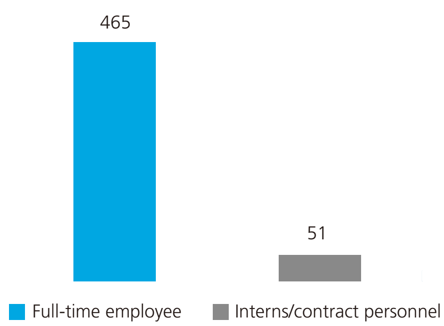
Middle and senior management training: it is mainly aimed at the middle and senior management of the Group. Through a series of training courses, we will cultivate and enhance the business acumen, business decision-making, competitive analysis and leadership of the company's core middle and senior managers, thus promoting the faster and healthier development of the Company's business. During the Reporting Period, a total of 21 middle and senior managers participated in the training course.

Project management training camp: it is mainly aimed at all employees of the Group. Through project training, we can help employees to deeply understand the project management process and master the basic methods and key skills of project management, so as to improve the management ability and related literacy of employees at work and reserve the ability of project managers. During the Reporting Period, a total of 20 employees participated.

Number of employees trained by rank



Number of employees trained by type



SAFETY AND HEALTH

Paying attention to and protecting employees' occupational health and safety is one of the important manifestations of people-oriented. The Group attaches great importance to employees' health and safety, strictly abides by relevant laws and regulations such as PRC Law on Work Safety (《中華人民共和國安全生產法》), PRC Law on Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and Regulations on the Management of Labor Protection Articles (《勞動防護用品管理規定》), constantly improves internal safety management rules and regulations and occupational health protection system, and strengthens the management and control of employees' occupational health.

We have implemented a series of office safety management guidelines and measures to enhance employees' safety awareness, prevent office occupational diseases and accidents, and minimize office safety risks. We organize safety meetings from time to time, publicize the concept of health and safety in employees' work and life, and hold relevant safety training and related drills.

In order to ensure the occupational health of employees to the greatest extent, we set up a first aid kit in the office area, and arranged for department representatives to participate in the Red Cross first aid certificate training, so that the relevant employees of the Company can have basic first aid knowledge. In addition, we strictly prohibit employees from smoking in the workplace to ensure good indoor air quality. We also maintain good housekeeping in the office workshop (for example, keep the corridor of the office unblocked, store materials properly, and protect the office regularly, etc.) to prevent accidents and make the office operate more efficiently. We provide employees with a comfortable working environment (for example, providing desks with suitable heights, adjustable chairs and adequate lighting, etc.) to reduce potential health hazards. The Group also attaches great importance to office fire safety, and clearly marks the fire evacuation route on the notice board to help employees get familiar with the evacuation route and raise their awareness of actual emergencies.

During the Reporting Period, the Group did not find any major accidents, major claims and lawsuits related to health and safety, nor did any employees of the Company suffer any work-related deaths or injuries.

REWARD SOCIETY

We always stay true to our original aspiration. While actively promoting the steady development of enterprises, we are concerned about the development of industries and enterprises, and hope to use our expertise and resources to help the short video industry continue to move forward and empower more small and medium-sized enterprises to transform. We hope to work hand in hand with many parties through digital means to realize the coordinated development of the whole chain and help build a harmonious society.

Empowering Small and Medium-sized Enterprises and Helping Marketing Transformation

In recent years, with the trend that short video has become a universal application, small and medium-sized enterprises have increasingly become important participants in the short video marketing ecology. However, due to the management's awareness of digital marketing, the lack of full-time digital marketing talents and the priority of marketing investment, they have encountered practical difficulties in digital marketing, and it is difficult to independently develop free marketing systems and tools.

During the Reporting Period, the platform has successfully served more than 100,000 customers in various industries, and there are over 700 urban service providers nationwide.

In addition, we also encourage employees to actively participate in various volunteer services and charitable activities and care about the community. In the future, the Company will continue to undertake corporate social responsibility, while promoting economic development, it will also increase investment in all aspects of the community. With our own resources and strength, we will practice corporate social values, achieve sustainable development goals, and share economic achievements with the society.

KEY PERFORMANCE TABLE

Environmental Performance	Unit	2023	2022	2021
Greenhouse Gas Emissions[4]				
Direct Emissions (Scope 1)[5]	tCO_2e	0	0	0
Indirect Energy Emission (Scope 2)[6]	tCO_2e	338,23	326,74	360.11
Other Indirect Greenhouse Gas Emissions (Scope 3)	tCO_2e	87.05	94.85	208.90
Total Greenhouse Gas Emissions	tCO_2e	425.28	421.59	569.01
Intensity	tCO_2e/full-time employee	1.21	0.60	0.82
Use of Resources				
Energy				
Electricity	MWh	593.07	469.55	506.85
Intensity	MWh/full-time employee	1.69	0.86	0.75
Water	m^3	5,097.77	3,589.00	3,843.00
Intensity	m^3/full-time employee	14.52	6.59	8.71
Paper	kilogram ("**kg**")	366.31	98.05	274.00
Intensity	kg/full-time employee	1.04	0.18	0.62

Social Performance	Unit	2023	2022	2021
Employee Data[7]				
Total workforce	Number of people	359	374	451
Number of employees by gender				
Male	Number of people	137	152	198
Female	Number of people	222	222	253
Number of employees by age				
<30	Number of people	219	218	320
30-50	Number of people	140	156	130
>50	Number of people	0	0	1
Number of employees by employment category				
Full-time	Number of people	351	369	441
Part-time	Number of people	0	1	0
Intern/Contract staff	Number of people	8	4	10
Number of employees by geographical region				
China	Number of people	359	374	451

4 In the calculation of greenhouse gas emissions, the power emission factor is 0.5703 tCO_2e/MWh according to the Notice on Doing a Good Job in Reporting and Checking Greenhouse Gas Emissions of Enterprises in Some Key Industries in 2023-2025.

5 Scope 1 emissions refer to the direct greenhouse gas emissions generated by the combustion of mobile source fuels controlled by the Group.

6 Scope 2 emissions refer to indirect greenhouse gas emissions from energy generated by the use of electricity purchased from local power companies.

7 The total number of employees includes full-time employees, part-time employees, interns/contract personnel.

KEY PERFORMANCE TABLE (Continued)

Social Performance	Unit	2023	2022	2021
Employee Turnover Rate				
By gender[8]				
Male	%	43.5	51.4	47.2
Female	%	39.0	47.3	47.3
By age				
<30	%	45.9	54.8	48.3
30-50	%	31.0	38.1	44.7
>50	%	0	0	33.3
By geographical region				
China	%	75.98	49.0	47.3

PERFORMANCE DATA SUMMARY

	Unit	2023	2022	2021
Employee Training				
Total percentage of employees trained	%	100	55	100
Total training hours of employees	Hours	1,618	2,470	5,175
The percentage of employees trained by gender[9]				
Male	%	158	55	93
Female	%	135	54	103
The percentage of employees trained by employee level				
Senior management	%	16.1	124	98
Middle management	%	191	44	100
Entry-level employees	%	147	53	100
The average training hours completed per employee by employee level				
Senior management	Hours	1.78	9.2	7.9
Middle management	Hours	12.06	10.9	8.1
Entry-level employees	Hours	1.90	3.4	8.1

8 Calculation formula of employee turnover rate: number of resigned employees in the corresponding group/total employees in the corresponding group, including only full-time employees.

9 The proportion of trained employees exceeded 100%, mainly due to the employee turnover rate during the Reporting Period. The training courses provided for employees include training for new employees, professional training for business orientation, training for relevant certificates and training for management leaders.

PERFORMANCE DATA SUMMARY (Continued)

	Unit	2023	2022	2021
Occupational Health and Safety				
Number of work-related fatalities in the past three years	Number of people	0	0	0
Rate of work-related fatalities	%	0	0	0
Number of work-related injuries	Number of people	0	0	1
Lost days due to work-related injury	Days	0	0	34
Number of suppliers				
China	Number	910	383	418
Anti-corruption				
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees	Number	0	0	0

HKEX ESG REPORTING GUIDE INDEX

ESG Reporting Guide		Section/Description
Mandatory Disclosure Requirements		
Governance Structure	Statements from the Board containing the following content: (i) Disclosure of the Board's oversight of ESG issues; (ii) Board's ESG management approach and strategy, including process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) How the board reviews progress made against ESG related targets, with explanation of how they relate to the issuer's businesses.	Responsibility Governance, Building The Foundation Of Sustainable Development

HKEX ESG REPORTING GUIDE INDEX (Continued)

ESG Reporting Guide		Section/Description
Reporting Principles	Describe or explain how the following reporting principles have been applied in the preparation of the ESG report: **Materiality:** The ESG report should disclose: (i) the process for identifying material ESG factors and the criteria for selecting these Factors (ii) if the issuer has conducted stakeholder engagement, a description of the key stakeholders identified and the process and results of the issuer's stakeholder engagement. **Quantitative:** Information on the standards, methods, assumptions and/or calculation tools used to report emissions/energy consumption (if applicable) and the sources of conversion factors used should be disclosed. **Consistency:** Issuers should disclose in the ESG report changes in statistical methodology or key performance indicators (if any) or any other relevant factors that affect meaningful comparisons.	About This Report
Reporting Scope	Explain the scope of ESG reporting and describe the process of selecting which entities or businesses to include in ESG reporting. If the scope of reporting changes, issuers should explain the differences and the reasons for the changes.	About This Report
A. Environmental		
A1 Emissions		
A1 Emissions	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green And Low-Carbon, Creating The Beauty Of Green Water And Green Mountains
KPI A1.1	The types of emissions and respective emissions data.	Pollutant Emission
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Climate Change

HKEX ESG REPORTING GUIDE INDEX (Continued)

ESG Reporting Guide		Section/Description
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission
KPI A1.5	Description of emissions reduction target(s) set and steps taken to achieve them.	Pollutant Emission
KPI A1.6	Description of how hazardous and non-hazardous wastes are Handled, and a description of reduction target(s) set and steps taken to achieve them.	Pollutant Emission
Aspect A2: Use of Resources		
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Use
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resource Use
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Use
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Use
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Use
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Use

HKEX ESG REPORTING GUIDE INDEX (Continued)

ESG Reporting Guide		Section/Description
A3 Environment and Natural Resources		
A3 Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Resource Use
KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Resource Use
A4 Climate Change		
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken.	Climate Change
B. Social		
B1 Employment	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Harmony And Integration, Sharing The Way Of Harmonious And Beautiful Enterprises
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Pluralistic Equality
KPI B1.2	Employee turnover rate by gender, age group and geographical region. Harmony and Integration, Sharing the Way of Harmonious and Beautiful Enterprises	Pluralistic Equality

HKEX ESG REPORTING GUIDE INDEX (Continued)

ESG Reporting Guide		Section/Description
B2 Health and Safety		
B2 Health and Safety	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Safety and Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Safety and Health
KPI B2.2	Lost days due to work injury.	Safety and Health
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Safety and Health
B3 Development and Training		
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Personnel Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Personnel Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Personnel Training
B4 Labour Standards		
B4 Labour Standards	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Rights and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights and Interests

HKEX ESG REPORTING GUIDE INDEX (Continued)

ESG Reporting Guide		Section/Description
B5 Supply Chain Management		
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility		
B6 Product Responsibility	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Steady Operation, Building a Benign Industry Together
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Assurance
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Right
KPI B6.4	Description of quality assurance process and product recall procedures.	Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Intellectual Property Right

HKEX ESG REPORTING GUIDE INDEX (Continued)

ESG Reporting Guide		Section/Description
B7 Anti-corruption		
B7 Anti-corruption	General Disclosure Information on: (a) The policies; and (b) Compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
B8 Community Investment		
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Reward Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sports).	Reward Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas.	Reward Society

Independent Auditor's Report

To the shareholders of Netjoy Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Netjoy Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 147 to 223, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of online marketing solutions services	
For the year ended 31 December 2023, the Group recognised revenue of RMB2,864,951,000 from the provision of online marketing solutions services. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers. We focused on this area due to the judgements involved in determining the Group's role as a principal or an agent in recognising online marketing solutions service revenue which will impact the presentation of revenue and related costs in the consolidated financial statements. The accounting policies, significant accounting judgements and estimates and disclosures about revenue recognition of online marketing solutions services are included in notes 2.4, 3 and 5 to the financial statements.	We performed the following procedures to address this key audit matter: 1. We obtained an understanding of, evaluated and tested the key controls in place over management's assessment of revenue recognition, including management's approval and review of sales contracts and other supporting documents. 2. We discussed with management and obtained an understanding of the indicators and judgements management considered when assessing the revenue recognition on a gross or net basis under each different circumstance. 3. We selected sales contracts, on a sampling basis, and reviewed the relevant contract terms and checked with management's explanations and other supporting documents regarding the judgements applied for the selected sales contracts. 4. We conducted interviews with different advertisers, on a sampling basis, to check management's assessments of the Group's business arrangements. 5. We also assessed the adequacy of the Group's disclosures related to revenue recognition of online marketing solutions services in the consolidated financial statements.
Impairment of trade receivables	
The Group had trade receivables amounting to approximately RMB1,543,906,000 as at 31 December 2023. Impairment losses of RMB40,105,000 were recognised for the year ended 31 December 2023. Management recognises a loss allowance for lifetime expected credit losses (ECLs) on the trade receivables. Lifetime ECLs are estimated based on a number of factors which include the ageing of overdue trade receivables, customers' repayment history, customers' financial position, current market conditions and forecast of future economic conditions. Such assessment involves a significant degree of management's judgement and estimation. We focused on this area because the assessment of the loss allowance for trade receivables is inherently subjective and requires significant management's judgement, which increases the risk of error or potential management bias. The accounting policies, significant accounting judgements and estimates and disclosures about impairment of trade receivables are included in notes 2.4, 3 and 20 to the financial statements.	We performed the following procedures to address this key audit matter: 1. We tested the design and operation of internal control over the Group's processes of credit assessment. 2. We examined management's calculation of expected credit losses in respect of trade receivable and tested the accuracy of the ageing of trade receivables on a sampling basis. 3. We assessed the rationality of management's measurement of expected credit losses by examining subsequent settlements on a sampling basis, taking into account the customers' credit history, business performance and financial capability, and the industry trend and market development. 4. We also assessed the adequacy of the Group's disclosures related to impairment of trade receivables in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE 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. Our report is made solely to you, as a body, 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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 THE 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 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 Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Ernst & Young
Certified Public Accountants
Hong Kong
28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**3,009,891**	3,310,085
Cost of sales		**(2,759,140)**	(3,279,603)
Gross profit		**250,751**	30,482
Other income and gains	5	**38,163**	55,358
Selling and distribution expenses		**(91,324)**	(12,338)
Administrative expenses		**(96,117)**	(67,967)
Impairment losses on financial assets, net		**(41,986)**	(167,058)
Research and development expenses		**(21,901)**	(8,801)
Other expenses	5	**(6,037)**	(654)
Finance costs	6	**(22,172)**	(25,918)
Share of profits and losses of associates	17	**28**	(5,329)
PROFIT/(LOSS) BEFORE TAX	7	**9,405**	(202,225)
Income tax (expense)/credit	10	**(1,920)**	23,651
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**7,485**	(178,574)
Attributable to:			
Owners of the parent		**8,796**	(178,057)
Non-controlling interests		**(1,311)**	(517)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic			
– For profit/(loss) for the year		**RMB1.1 cents**	RMB(22.9) cents
Diluted			
– For profit/(loss) for the year		**RMB1.1 cents**	RMB(22.9) cents

Consolidated Statement of Financial Position

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**5,068**	4,930
Right-of-use assets	*14*	**3,883**	8,710
Intangible assets	*15*	**25,059**	31,710
Trade receivables	*20*	**11,246**	–
Prepayments	*21*	**18,051**	4,160
Deferred tax assets	*16*	**64,012**	50,436
Investments in associates	*17*	**34,422**	4,394
Financial assets at fair value through profit or loss	*18*	**56,596**	37,534
Debt investments at amortised cost	*18*	**19,326**	–
Total non-current assets		**237,663**	141,874
CURRENT ASSETS			
Inventories	*19*	**9,169**	68,810
Trade and notes receivables	*20*	**1,539,560**	1,570,887
Prepayments, other receivables and other assets	*21*	**450,187**	276,715
Financial assets at fair value through profit or loss	*18*	**17,634**	–
Debt investments at amortised cost	*18*	**28,632**	–
Restricted cash	*22*	**2,699**	11,117
Cash and cash equivalents	*22*	**360,906**	279,690
Total current assets		**2,408,787**	2,207,219
CURRENT LIABILITIES			
Trade payables	*23*	**622,429**	241,983
Other payables and accruals	*24*	**139,937**	97,062
Interest-bearing bank borrowings	*25*	**414,937**	574,725
Lease liabilities	*14*	**3,486**	5,088
Contract liabilities	*26*	**50,360**	36,535
Tax payable		**19,883**	18,218
Other liabilities		**1,098**	–
Total current liabilities		**1,252,130**	973,611
NET CURRENT ASSETS		**1,156,657**	1,233,608
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,394,320**	1,375,482

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	*14*	**35**	3,168
Deferred tax liabilities	*16*	**707**	759
Deferred income		**537**	626
Other liabilities		**7,865**	–
Total non-current liabilities		**9,144**	4,553
Net assets		**1,385,176**	1,370,929
EQUITY			
Equity attributable to owners of the parent			
Share capital	*27*	**148**	148
Treasury shares	*27*	**(46,638)**	(40,526)
Reserves	*29*	**1,432,994**	1,411,324
Total equity attributable to owners of the parent		**1,386,504**	1,370,946
Non-controlling interests		**(1,328)**	(17)
Total equity		**1,385,176**	1,370,929

Wang Chen
Director

Xu Jiaqing
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital RMB'000	Treasury shares RMB'000	Share option reserve* RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	148	(40,526)	16,273	1,229,544	46,459	(400)	119,448	1,370,946	(17)	1,370,929
Profit/(loss) and total comprehensive income for the year	–	–	–	–	–	–	8,796	8,796	(1,311)	7,485
Shares repurchased *(note 27)*	–	(6,733)	–	–	–	–	–	(6,733)	–	(6,733)
Exercise of RSUs	–	621	(469)	(152)	–	–	–	–	–	–
Equity-settled share option arrangements *(note 28)*	–	–	13,495	–	–	–	–	13,495	–	13,495
At 31 December 2023	148	(46,638)	29,299	1,229,392	46,459	(400)	128,244	1,386,504	(1,328)	1,385,176
At 1 January 2022	148	(36,670)	12,197	1,229,544	46,459	(400)	331,403	1,582,681	–	1,582,681
Loss and total comprehensive income for the year	–	–	–	–	–	–	(178,057)	(178,057)	(517)	(178,574)
Shares repurchased *(note 27)*	–	(3,856)	–	–	–	–	–	(3,856)	–	(3,856)
Equity-settled share option arrangements *(note 28)*	–	–	4,076	–	–	–	–	4,076	–	4,076
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	500	500
Dividend declared *(note 11)*	–	–	–	–	–	–	(33,898)	(33,898)	–	(33,898)
At 31 December 2022	148	(40,526)	16,273	1,229,544	46,459	(400)	119,448	1,370,946	(17)	1,370,929

* These reserve accounts comprise the consolidated reserves of RMB1,432,994,000 (2022: RMB1,411,324,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**9,405**	(202,225)
Adjustments for:			
Finance costs	*6*	**22,172**	25,918
Share of profits and losses of associates	*17*	**(28)**	5,329
Interest income	*5*	**(2,433)**	(6,831)
Net investment income from debt instruments	*5*	**(4,354)**	–
Impairment losses on financial assets, net		**41,986**	167,058
Covid-19-related rent concessions from lessors	*14*	**–**	(2,378)
Depreciation of property, plant and equipment	*13*	**3,408**	3,591
Depreciation of right-of-use assets	*14*	**5,307**	5,778
Amortisation of intangible assets	*15*	**9,605**	7,328
(Gain)/loss on disposal of items of property, plant and equipment		**(50)**	489
Loss/(gain) on disposal of items of non-current assets		**108**	(26)
Changes in fair value of financial investments	*5*	**3,862**	(3,078)
Foreign exchange loss/(gain)		**1,986**	(191)
Impairment of intangible assets	*15*	**6,542**	3,688
Share-based payment expenses	*28*	**13,495**	4,076
		111,011	8,526
Decrease/(increase) in inventories		**59,641**	(68,810)
Increase in trade and notes receivables		**(267,824)**	(210,865)
Increase in prepayments, other receivables and other assets		**(174,935)**	(44,099)
Decrease/(increase) in restricted cash		**8,418**	(11,117)
Increase in trade payables		**380,446**	96,349
Increase in other payables and accruals		**42,786**	47,784
Increase in contract liabilities		**13,825**	3,192
Cash generated from/(used in) operations		**173,368**	(179,040)
Interest received	*5*	**2,433**	6,831
Income tax paid		**(13,883)**	(18,644)
Net cash flows from/(used in) operating activities		**161,918**	(190,853)

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(21,521)**	(1,554)
Proceeds from disposal of items of property, plant and equipment		**135**	137
Addition of intangible assets		**(9,496)**	(16,287)
Purchase of investments in associates		**(29,000)**	(5,200)
Purchase of debt instruments at amortised cost		**(50,368)**	–
Purchases of financial assets at fair value through profit or loss		**(49,798)**	(64,500)
Proceeds from disposal of debt instruments		**10,957**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**14,010**	30,044
Net cash flows used in investing activities		**(135,081)**	(57,360)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**748,500**	691,876
Repayment of bank loans		**(661,896)**	(727,700)
Decrease in restricted cash		**–**	280,560
Principal portion of lease payments		**(5,323)**	(2,303)
Capital injection from non-controlling shareholders		**500**	–
Dividends paid		**–**	(33,898)
Interest paid		**(20,764)**	(27,839)
Shares repurchased		**(4,652)**	(8,735)
Net cash flows from financing activities		**56,365**	171,961
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**83,202**	(76,252)
Cash and cash equivalents at the beginning of year		**279,690**	355,751
Effect of foreign exchange rate changes, net		**(1,986)**	191
CASH AND CASH EQUIVALENTS AT END OF YEAR		**360,906**	279,690
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position	*22*	**360,906**	279,690

1. CORPORATE AND GROUP INFORMATION

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

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

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Netjoy International Limited	British Virgin Islands	US$50,000	100	–	Investment holding
Netjoy International (Hong Kong) Limited	Hong Kong, China	HK$1	–	100	Technical and consultation services
NETJOY ASIA PTE. LTD.	Singapore	SG$1,000,000	–	100	Marketing services
Zheng Han Bio-tech Research Co., Limited ("**Zheng Han**") (正漢生物科技研發有限公司)	Hong Kong, China	HK$20,000,000	100	–	Investment holding
Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. ("**Yunxiang Information**") (云想數科(上海)信息技術有限公司) *(note (a))*	PRC/ Chinese Mainland	RMB50,000,000	–	100	Technical and consultation services
Letui (Shanghai) Culture Broadcast Co., Ltd. ("**Letui Culture**") (樂推(上海)文化傳播有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB10,000,000	–	100	Marketing services
Horgos Quantum Dynamic Culture Media Co., Ltd. ("**Quantum Culture Media**") (霍爾果斯量子動態文化傳媒有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Marketing services
Horgos Quantum Data Service Co., Ltd. ("**Quantum Data**") (霍爾果斯量子數據服務有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Marketing services

Year ended 31 December 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Yunxiang Entertainment (Shanghai) Co., Ltd. ("**Yunxiang Entertainment**") (云想娛樂(上海)有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB5,000,000	–	100	Technical and consultation services
Guangzhou Guomeng Network Technology Co., Ltd. ("**Guomeng Internet**") (廣州果盟網絡科技有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Technical and consultation services
Qizheng (Shanghai) Culture Communication Co., Ltd. ("**Qizheng Culture**") (啟征(上海)文化傳播有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Technical and consultation services
Letui Chuanshi (Shanghai) Information Technology Co., Ltd. ("**Letui Information**") (樂推傳視(上海)信息技術有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB5,000,000	–	100	Technical and consultation services
Letui Zhixiao (Shanghai) Cultural Communication Co., Ltd. ("**Letui Zhixiao**") (樂推智效(上海)文化傳播有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB5,000,000	–	100	Marketing services
MIX Technology Co., Ltd. ("**Heguang Technology**") (合光(寧波)科技有限公司) *(note (a))*	PRC/ Chinese Mainland	US$10,000,000	–	100	Marketing services
Horgos Large Amount Information Technology Co., Ltd. ("**Large Amount Information Technology**") (霍爾果斯爆量信息技術有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Marketing services
Yunwei Chuangshi (Shanghai) Information Technology Co., Ltd. ("**Yunwei Chuangshi**") (云未創視(上海)信息技術有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,250,000	–	60	Software-as-a-service ("**SaaS**")

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Hainan Yunjing Xingzhan Private Equity Fund Management Co., Ltd. ("**Yunjing Xingzhan**") (海南雲景星展私募基金管理有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB10,000,000	–	100	Private fund management
Letui Chuanpin (Jing County) E-commerce Co., Ltd. ("**Letui Chuanpin**") (樂推傳品(涇縣)電子商務有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	E-commerce
Letui Zhixiao (Lishui) Culture Communication Co., Ltd. ("**Zhixiao Lishui**") (樂推智效(麗水)文化傳播有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB2,000,000	–	100	Marketing services
Shanghai Leman Yunxiang E-commerce Co., Ltd. ("**Leman Yunxiang**") (上海樂曼雲享電子商務有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	E-commerce
Shangxiang Leyun (Shanghai) E-commerce Co., Ltd. ("**Shangxiang Leyun**") (尚想樂雲(上海)電子商務有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	E-commerce
Shangxiang Lehai (Shanghai) E-commerce Co., Ltd. ("**Shangxiang Lehai**") (尚想樂海(上海)電子商務有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	E-commerce
Hepinsheng (Shanghai) Enterprise Management Co., Ltd. ("**Hepinsheng**") (合品盛(上海)企業管理有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Consulting
Shanghai Lebao Yunxiang Business Consulting Co., Ltd. ("**Lebao Yunxiang**") (上海樂保雲享商務諮詢有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Consulting
Yunxiang Shuke (Xi'an) Information Technology Co., Ltd. ("**Yunxiang Information Xi'an**") (云想數科（西安）信息技術有限公司) *(note (b))*	PRC/ Chinese Mainland	US$10,000,000	–	100	Consulting

Year ended 31 December 2023

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Indirectly controlled by the Company pursuant to the contractual agreements –					
Netjoy (Shanghai) Network Technology Co., Ltd. ("**Netjoy Network**") (嗨皮(上海)網絡科技有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB53,528,203	–	100	Entertainment-oriented content platform operation
Tradeplus (Shanghai) Information Technology Co., Ltd. ("**Tradeplus**") (連山加(上海)信息技術有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB5,000,000	–	100	SaaS
Wuhan Juhaokan Network Technology Co., Ltd. ("**Wuhan Juhaokan**") (武漢劇好看網絡科技有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Planning and production of short plays
Shaanxi Drama Gravity Culture Communication Co., Ltd. ("**Shaanxi Drama Gravity**") (陝西劇有引力文化傳播有限公司) *(note (b))*	PRC/ Chinese Mainland	RMB1,000,000	–	100	Digital culture

Notes:

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

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

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

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

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

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of these amendments to IAS 12 did not have significant impact to the Group.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Year ended 31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group, or of a parent of the Group;

or

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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 employees of either 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 the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	33⅓%
Office equipment	20% to 33⅓%
Leasehold improvements	25% to 50%

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software and use right of a website

Software and use right of a website are stated at cost less any impairment losses and are amortised on the straight-line basis over the shorter of the lease terms and their estimated useful lives of 3-10 years. The Group determines the useful life of software and use right of a website with reference to the estimated periods that the Group intends to derive future economic benefits from the use of the assets.

Research and development costs

All research costs are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

Expenditure incurred on projects 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 the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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 assets as follows:

Leasehold properties	2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases whose values are less than RMB50,000.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss and other comprehensive income. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent it, has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Year ended 31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

The Group's main revenue generating activity is the provision of online advertising services. Revenues are recognised when relevant services are provided to which the Group is entitled pursuant to the advertising contracts.

The following is a description of the principal activities from which the Group generates its revenue:

(1) Online marketing solutions services

All-in-one service

The Group provides one-stop online marketing solutions, including traffic acquisition from top online publishers, content production, raw data analysis and advertisement campaign optimisation, to advertisers. The Group charges the advertisers mainly based on optimised Cost Per Mille ("**oCPM**") or optimised Cost Per Click ("**oCPC**"). In some circumstances, the Group offers rebates to the advertisers as part of its promotion activities. Online publishers grant to the Group rebates in the form of payments for the media publishers' services or cash mainly based on the gross spend of the advertisers.

While none of the factors individually are considered presumptive or determinative, in this arrangement the Group is the primary obligor and is responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers, the Group is primarily responsible for delivering the specified service to the advertisers; (ii) identifying online publishers to provide online spaces where the Group views the online publishers as suppliers; and (iii) bearing the sole responsibility for advertising content integrated and fulfilment of the advertising, the Group acts as the principal of these arrangements and therefore recognises revenue earned and costs incurred related to these transactions on a gross basis. Under this arrangement, the rebates earned from the media publishers are recorded as a reduction of cost of sales.

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

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2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(1) Online marketing solutions services (Continued)

Advertisement distribution service

The advertisers provide their own produced distribution contents and formulate their own advertisement campaign. The Group only provides distribution services to advertisers by publishing the contents on the targeted social media platforms which are determined by advertisers. The Group charges the advertisers mainly based on an oCPM or oCPC or CPC.

The Group is not the principal in this arrangement as it does not control the specified service before that service is transferred to the advertiser, because (i) the Group does not provide integrated service. Online publisher, rather than the Group, is primarily responsible for providing the media publishing service; and (ii) the online publisher is identified and determined by the advertisers, not the Group. Therefore, the Group is not the principal in executing these transactions. The Group reports the amount received from the advertisers and the amounts paid to the media publishers related to these transactions on a net basis.

Rebates offered to the advertisers under both business models above are recognised as a deduction of revenue at the time the incentives are granted.

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

(2) E-commerce and distribution

E-commerce and distribution revenues are mainly from the live streaming business and sales of products through the e-commerce platforms as well as distribution channels.

For the live streaming business, the Group utilises live streamers to promote and sell goods on platforms and charges commissions to customers based on the live broadcast duration and sales of goods completed through platforms with agreed commission rates, respectively. Live streaming business performance obligation is satisfied at the point in time when the live broadcast duration and sale transaction of goods is completed.

Revenues from sales of products through the e-commerce platforms and distribution channels are recognised when control of promised goods is transferred to the customers, which generally occurs upon the acceptance of the goods by the customers.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(3) Other business

Other business revenues primarily include revenues from the short play business and SaaS service.

For the short play business, the Group operates and maintains mini programs whereby users can enjoy short plays provided by the Group. The Group sells membership services and virtual currencies to users. For membership services, the Group offers membership services which provide users access to all short plays in the mini programs. When the receipt of membership fees is for services to be delivered over a period of time, generally from one month to twelve months, the receipt is initially recorded as "contract liabilities" and revenue is recognised ratably over the membership period as services are rendered. For virtual currencies, once the users purchase virtual currencies, the proceeds are recorded in contract liabilities and recognised in revenue after the virtual currencies are used to watch short plays.

The Group provides SaaS service to advertisers which entitle paying subscribers access right to a one-stop short video programmatic advertising and data management platform that is owned, operated and maintained by one of the Group's subsidiaries, which benefits the Group's advertisers and media publishers to have access of data, technologies, knowledge and experience accumulated by the Group. SaaS service is provided on: (i) a commission basis, commission fee is calculated as a percentage of the total consumption of advertisements placed by advertisers on the platform; and (ii) a subscription basis, subscription fee is charged to customers and recognised as revenue over the subscription period on a straight-line basis. The performance obligation is satisfied on a user's optimised click (oCPC) on one of the customer-sponsored links or on optimised the number of times that the advertisement has been displayed for cost per thousand impression advertising arrangement (oCPM) or over the subscription period on a straight-line basis.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make significant judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

Netjoy Network and Tradeplus provide value added telecommunications services and radio and TV program production and operation services to customers. Due to regulatory restrictions on foreign ownership in providing value added telecommunications services and prohibition on foreign ownership in providing radio and TV program production and operation services in the PRC, the Group exercises control over Netjoy Network and Tradeplus and enjoys all economic benefits of Netjoy Network and Tradeplus through the Contractual Arrangements.

The Group considers that it controls Netjoy Network and Tradeplus, notwithstanding the fact that it does not hold a direct equity interest in Netjoy Network and Tradeplus, as it has power over the financial and operating policies of Netjoy Network and Tradeplus and receives substantially all of the economic benefits from the business activities of Netjoy Network and Tradeplus through the Contractual Arrangements. Accordingly, Netjoy Network and Tradeplus have been accounted for as subsidiaries for the year ended 31 December 2023.

Principal versus agent considerations – revenue from the provision of online advertising services

In determining whether the Group is acting as a principal or as an agent in the provision of online advertising services, judgements and considerations of all relevant facts and circumstances are required. The determination of whether revenue should be reported on a gross or net basis is based on the assessment of whether the Group acts as a principal or an agent in the transactions, taking into account the nature of specified services and whether the Group obtains controls of the specified services before transferring to advertisers. Management considers in combination whether (a) the Group is primarily responsible for fulfilling the promise to provide the target marketing service; (b) the Group bears certain inventory risk; and (c) the Group has discretion in establishing the price. The Group is primarily obligated in a transaction, and has latitude in establishing prices and selecting publishers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from the services provided.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

Estimation of the rebates earned from media publishers

In the Group's online marketing solutions services revenue, certain rebates granted by the media publishers are variable and outside the entity's influence. In some circumstances, such as launch of a new rebate program, whereby the management cannot reasonably estimate the amount of rebates that the Group is expected to earn, the Group only recognises the minimum amount of rebates as agreed by the media publishers, which is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Management updates its estimate at each reporting date when additional information becomes available.

Estimation of the fair value of certain financial assets at fair value through profit or loss

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are contained in note 34 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The key assumptions and inputs used in estimating future taxable profits include forecasted revenue and operating profit ratio. The carrying value of deferred tax assets was RMB64,012,000 as at 31 December 2023 (31 December 2022: RMB50,436,000). Further details are disclosed in note 16 to the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in providing online marketing solutions services, SaaS service and other business to customers in Chinese Mainland.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

The principal assets employed by the Group are located in Chinese Mainland. Therefore, no segment information based on the geographical location of non-current assets is presented for the year. Accordingly, no geographical information is presented.

Information about one major customer

Revenue of approximately RMB259,245,000 (2022: RMB370,505,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 **RMB'000**	2022 RMB'000
Revenue from contracts with customers	**3,009,891**	3,310,085

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 **RMB'000**	2022 RMB'000
Types of services		
Online marketing solutions services		
– All-in-one services	**2,802,115**	3,189,387
– Advertisement distribution services	**62,836**	66,802
E-commerce and distribution service	**53,465**	27,570
Other business	**91,475**	26,326
Total revenue from contracts with customers	**3,009,891**	3,310,085
Timing of revenue recognition		
Services transferred at a point in time	**2,969,622**	3,279,208
Services transferred over time	**40,269**	30,877
Total revenue from contracts with customers	**3,009,891**	3,310,085

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

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

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	**36,535**	33,343

There is no revenue recognised in the current reporting period from performance obligations satisfied in previous periods for the years ended 31 December 2023 and 2022, respectively.

The transaction prices allocated to the remaining performance obligations unsatisfied as at 31 December 2023 are RMB50,360,000 (31 December 2022: RMB36,535,000).

All the remaining performance obligations unsatisfied as at 31 December 2023 are expected to be recognised within one year as the performance obligations are part of the contracts that have an original expected duration of one year or less.

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

	2023 RMB'000	2022 RMB'000
Other income and gains		
Bank interest income	**2,433**	6,831
Net investment income from debt instruments	**4,354**	–
Fair value gains on financial investments, net	**–**	3,078
Government grants	**30,917**	44,408
Foreign exchange gain, net	**–**	982
Others	**459**	59
Total other income and gains	**38,163**	55,358
Other expenses		
Foreign exchange loss, net	**2,054**	–
Fair value losses on financial investments, net	**3,862**	–
Others	**121**	654
Total other expenses	**6,037**	654

Year ended 31 December 2023

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest on:		
Interest-bearing bank borrowings	**16,123**	24,093
Discounted notes	**1,901**	1,624
Factoring service	**3,876**	–
Lease liabilities	**272**	201
Total	**22,172**	25,918

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2023 RMB'000	2022 RMB'000
Cost of services provided		**2,759,140**	3,279,603
Depreciation of property, plant and equipment	*13*	**3,408**	3,591
Depreciation of right-of-use assets	*14*	**5,307**	5,778
Amortisation of intangible assets	*15*	**9,605**	7,328
Research and development costs (excluding amortisation of intangible assets, depreciation of property, plant and equipment and employee benefit expense)		**8,658**	1,009
Lease payments not included in the measurement of lease liabilities	*14*	**1,219**	1,284
Auditors' remuneration		**3,250**	3,100
Government grants	*5*	**(30,917)**	(44,408)
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):			
Wages, salaries and other benefits		**98,468**	68,128
Equity-settled share option expense	*27*	**13,495**	4,076
Pension scheme contributions*		**22,718**	21,217
Total		**134,681**	93,421
Impairment of trade receivables	*20*	**40,105**	151,462
Impairment of other receivables	*21*	**1,881**	15,596
Bank interest income	*5*	**(2,433)**	(6,831)
Net investment income from debt instruments	*5*	**(4,354)**	–
Fair value (losses)/gains on financial investments	*5*	**3,862**	(3,078)
Impairment of intangible assets	*15*	**6,542**	3,688
Foreign exchange differences, net		**2,054**	(982)

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Year ended 31 December 2023

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Other emoluments:		
Salaries, allowances and benefits in kind	3,244	2,753
Equity-settled share option expense	2,450	991
Pension scheme contributions	272	222
Total fees and other emoluments	5,966	3,966

During the year, certain directors were granted share options and Restricted Stock Units ("**RSUs**"), in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 28 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss and other comprehensive income over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2023 RMB'000	2022 RMB'000
Mr. Chen Changhua	200	200
Dr. Ru Liyun	150	150
Ms. Cui Wen	150	150
Total	500	500

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2023				
Executive directors:				
Mr. Wang Chen	**699**	**151**	**68**	**918**
Mr. Xu Jiaqing	**699**	**222**	**68**	**989**
Mr. Lin Qian	**778**	**837**	**68**	**1,683**
Ms. Zha Lijun	**568**	**1,240**	**68**	**1,876**
Subtotal	**2,744**	**2,450**	**272**	**5,466**
Non-executive directors:				
Mr. Dai Liqun	**–**	**–**	**–**	**–**
Mr. Wang Jianshuo	**–**	**–**	**–**	**–**
Total	**2,744**	**2,450**	**272**	**5,466**
Year ended 31 December 2022				
Executive directors:				
Mr. Wang Chen	639	314	63	1,016
Mr. Xu Jiaqing	639	479	63	1,181
Mr. Lin Qian (appointed on 31 March 2022)	567	125	48	740
Ms. Zha Lijun (appointed on 31 March 2022)	391	73	48	512
Subtotal	2,236	991	222	3,449
Non-executive directors:				
Mr. Qin Miaomiao (resigned on 31 March 2022)	17	–	–	17
Mr. Dai Liqun	–	–	–	–
Mr. Wang Jianshuo	–	–	–	–
Total	2,253	991	222	3,466

No bonuses and directors' fees have been paid to the Company's executive directors and non-executive directors for the years ended 31 December 2023 and 2022.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2022: four), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2022: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries, allowances and benefits in kind	**995**	577
Equity-settled share option expense	**2,504**	314
Pension scheme contributions	**135**	63
Total	**3,634**	954

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
Nil to HK$1,000,000	**–**	1
HK$1,500,001 to HK$2,000,000	**2**	–
Total	**2**	1

No bonuses have been paid to the Company's five highest paid employees for the years ended 31 December 2023 and 2022.

During the year and in prior years, share options were granted to certain non-director highest paid employees, further details of which are included in the disclosures in note 28 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss and other comprehensive income over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

Cayman Islands

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

Year ended 31 December 2023

10. INCOME TAX (Continued)

British Virgin Islands

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

Hong Kong

Hong Kong profits tax was provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits of the Group's companies operating in Hong Kong during the year.

Chinese Mainland

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

According to Several Opinions of the State Council on Supporting the Construction of Kashgar and Horgos Economic Development Zones (國務院關於支持喀什霍爾果斯經濟開發區建設的若干意見) promulgated on 30 September 2011, and Notice of the Preferential Policies of Enterprise Income Tax in the Two Special Economic Development Zones of Kashgar and Horgos in Xinjiang (財政部、國家稅務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知) promulgated by the Ministry of Finance of the PRC (中國財政部) and the State Administration of Taxation of the PRC (中國國家稅務總局) on 29 November 2011, from 2010 to 2020, the newly established enterprises in Kashgar and Horgos within the Catalog of Encouraged Industries in Poverty Areas of Xinjiang for Preferential Tax Treatment (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) granted the preferential tax treatment of five-year EIT exemption beginning from the first taxable year after the becoming profitable. Upon the expires of the tax exemption period, the local share of EIT would be exempted for another five years, and a subsidy would be granted by the Finance Bureau of the Development Zone in the form of rewards. Quantum Culture Media was entitled to the PRC tax bureau for EIT exemption from 1 January 2017 to 31 December 2021 and the exemption of EIT charged by local tax bureau according to Preferential Filing Record of EIT (企業所得稅優惠事項備案表) from 1 January 2022 to 31 December 2026 and obtained the related approval from the PRC tax bureau, which takes account for 40% of the total EIT.

According to the Implementation Opinions on Accelerating the Construction of Kashgar and Horgos Economic Development Zones (關於加快喀什、霍爾果斯經濟開發區建設的實施意見), from January 1, 2010 to December 31, 2020, enterprises newly established in the development zone that fall within the scope of the Catalogue of Enterprise Income Tax Preferences for Industries Encouraged to Develop in Difficult Areas of Xinjiang (新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄) will be exempted from enterprise income tax for five years from the tax year in which the first production and operation income is obtained. After the tax exemption period expires, the local share of EIT will be exempted for another five years, and the subsidy will be granted by the Finance Bureau of the Development Zone in the form of rewards. Quantum Data was in an accumulated tax loss position as at 31 December 2023 and the tax holiday has not yet begun.

Year ended 31 December 2023

10. INCOME TAX (Continued)

Chinese Mainland (Continued)

Pursuant to the Notice on Enterprise Income Tax Policies for the Integrated Circuit Design and Software Industries (於集成電路設計和軟件產業企業所得稅政策的公告) issued by the Ministry of Finance of the PRC and the State Administration of Taxation of the PRC and with approval from the tax authorities in charge, one of the Group's subsidiaries, Tradeplus, is entitled to an exemption from CIT for two years, commencing from the first year that Tradeplus generates taxable profit, and a deduction of 50% on the CIT rate for the following three years. Tradeplus was in accumulated tax loss positions as at 31 December 2023 and the tax holiday has not yet begun.

	2023 **RMB'000**	2022 RMB'000
Current income tax:		
Chinese Mainland	**15,480**	9,892
Hong Kong	**68**	196
Deferred tax *(note 16)*	**(13,628)**	(33,739)
Total	**1,920**	(23,651)

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

	2023 **RMB'000**	2022 RMB'000
Profit/(loss) before tax	**9,405**	(202,225)
Tax at the statutory tax rate	**2,351**	(50,556)
Effect of different tax rates for specific provinces and countries or enacted by local authority	**(6,889)**	14,030
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**–**	(1,621)
(Profit)/loss attributable to associates	**(7)**	1,332
Additional deduction on research and development expenses	**(7,507)**	(2,874)
Tax losses utilised from previous periods	**–**	(2,469)
Tax losses and temporary differences not recognised	**10,728**	17,823
Expenses not deductible for tax	**3,244**	684
Tax expense/(credit) at the effective rate	**1,920**	(23,651)

11. DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

12. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 772,585,362 (2022: 778,259,233) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at the exercise price on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic earnings per share is based on:

	2023 **RMB'000**	2022 RMB'000
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent	**8,796**	(178,057)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**772,585,362**	778,259,233
Effect of dilution – weighted average number of ordinary shares:		
Restricted share units	**1,789,500**	–
Total	**774,374,862**	778,259,233

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13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures RMB'000	Office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2023				
At 1 January 2023:				
Cost	**356**	**7,847**	**5,322**	**13,525**
Accumulated depreciation	**(92)**	**(4,482)**	**(4,021)**	**(8,595)**
Net carrying amount	**264**	**3,365**	**1,301**	**4,930**
At 1 January 2023, net of accumulated depreciation	**264**	**3,365**	**1,301**	**4,930**
Additions	**122**	**816**	**2,693**	**3,631**
Disposals	**(2)**	**(83)**	**–**	**(85)**
Depreciation provided during the year	**(54)**	**(1,890)**	**(1,464)**	**(3,408)**
At 31 December 2023, net of accumulated depreciation	**330**	**2,208**	**2,530**	**5,068**
At 31 December 2023:				
Cost	**449**	**8,482**	**6,149**	**15,080**
Accumulated depreciation	**(119)**	**(6,274)**	**(3,619)**	**(10,012)**
Net carrying amount	**330**	**2,208**	**2,530**	**5,068**
31 December 2022				
At 1 January 2022:				
Cost	346	7,451	5,500	13,297
Accumulated depreciation	(47)	(2,626)	(3,031)	(5,704)
Net carrying amount	299	4,825	2,469	7,593
At 1 January 2022, net of accumulated depreciation	299	4,825	2,469	7,593
Additions	65	806	683	1,554
Disposals	(49)	(237)	(340)	(626)
Depreciation provided during the year	(51)	(2,029)	(1,511)	(3,591)
At 31 December 2022, net of accumulated depreciation	264	3,365	1,301	4,930
At 31 December 2022:				
Cost	356	7,847	5,322	13,525
Accumulated depreciation	(92)	(4,482)	(4,021)	(8,595)
Net carrying amount	264	3,365	1,301	4,930

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold properties and office equipment used in its operations. Leases of leasehold properties generally have lease terms between 2 and 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options, which are further discussed below.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold properties RMB'000
As at 31 December 2021 and 1 January 2022:	7,123
Additions	9,201
Depreciation charge	(5,778)
Termination	(1,836)
At 31 December 2022	8,710
As at 31 December 2022 and 1 January 2023:	**8,710**
Additions	**1,050**
Depreciation charge	**(5,307)**
Termination	**(570)**
At 31 December 2023	**3,883**

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14. LEASES (Continued)

The Group as a lessee

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	**8,256**	5,598
New leases	**1,050**	9,201
Accretion of interest recognised during the year	**272**	201
Payments	**(5,595)**	(2,504)
Covid-19-related rent concessions from lessors	**–**	(2,378)
Termination	**(462)**	(1,862)
Carrying amount at 31 December	**3,521**	8,256
Analysed into:		
Current portion	**3,486**	5,088
Non-current portion	**35**	3,168

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	**272**	201
Depreciation charge of right-of-use assets	**5,307**	5,778
Covid-19-related rent concessions from lessors	**–**	(2,378)
Expense relating to short-term leases (included in administrative expenses)	**1,219**	1,284
Loss/(gain)on lease termination	**108**	(25)
Total amount recognised in loss	**6,906**	4,860

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 30(c), respectively, to the financial statements.

15. INTANGIBLE ASSETS

	Use right of a website RMB'000	Software RMB'000	Total RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortization	**2,595**	**29,115**	**31,710**
Additions	**–**	**9,496**	**9,496**
Amortisation provided during the year	**(583)**	**(9,022)**	**(9,605)**
Impairment during the year	**(626)**	**(5,916)**	**(6,542)**
At 31 December 2023	**1,386**	**23,673**	**25,059**
At 31 December 2023:			
Cost	**3,480**	**48,227**	**51,707**
Accumulated amortization and impairment	**(2,094)**	**(24,554)**	**(26,648)**
Net carrying amount	**1,386**	**23,673**	**25,059**
31 December 2022			
Cost at 1 January 2022, net of accumulated amortization	7,156	19,283	26,439
Additions	–	16,287	16,287
Amortisation provided during the year	(873)	(6,455)	(7,328)
Impairment during the year	(3,688)	–	(3,688)
At 31 December 2022	2,595	29,115	31,710
At 31 December 2022:			
Cost	9,379	38,731	48,110
Accumulated amortization and impairment	(6,784)	(9,616)	(16,400)
Net carrying amount	2,595	29,115	31,710

16. DEFERRED TAX

The movements in deferred tax liabilities and assets during the years ended 31 December 2023 and 2022 are as follows:

Deferred tax liabilities

	Withholding taxes RMB'000	Fair value gains on financial investments RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2022	**–**	**759**	**–**	**759**
Effect of adoption of amendments to IAS 12 *(note 2.2)*	**–**	**–**	**1,761**	**1,761**
At 1 January 2023 (restated)	**–**	**759**	**1,761**	**2,520**
Deferred tax credited to profit or loss during the year	**–**	**(150)**	**(917)**	**(1,067)**
Gross deferred tax liabilities at 31 December 2023	**–**	**609**	**844**	**1,453**
At 31 December 2021	1,621	–	–	1,621
Effect of adoption of amendments to IAS 12 *(note 2.2)*	–	–	1,349	1,349
At 1 January 2022 (restated)	1,621	–	1,349	2,970
Deferred tax (credited)/charged to profit or loss during the year	(1,621)	759	412	(450)
Gross deferred tax liabilities at 31 December 2022	–	759	1,761	2,520

16. DEFERRED TAX (Continued)

Deferred tax assets

	Deferred income RMB'000	Provision for trade and other receivables RMB'000	Accrued expense RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2022	**94**	**50,342**	**–**	**–**	**–**	**50,436**
Effect of adoption of amendments to IAS 12 *(note 2.2)*	**–**	**–**	**–**	**1,761**	**–**	**1,761**
At 1 January 2023 (restated)	**94**	**50,342**	**–**	**1,761**	**–**	**52,197**
Deferred tax (charged)/credited to profit or loss during the year	**(13)**	**13,413**	**–**	**(1,012)**	**173**	**12,561**
Gross deferred tax assets at 31 December 2023	**81**	**63,755**	**–**	**749**	**173**	**64,758**
At 31 December 2021	107	13,904	3,548	–	–	17,559
Effect of adoption of amendments to IAS 12 *(note 2.2)*	–	–	–	1,349	–	1,349
At 1 January 2022	107	13,904	3,548	1,349	–	18,908
Deferred tax (charged)/credited to profit or loss during the year	(13)	36,438	(3,548)	412	–	33,289
Gross deferred tax assets at 31 December 2022	94	50,342	–	1,761	–	52,197

Year ended 31 December 2023

16. DEFERRED TAX (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	64,012	50,436
Net deferred tax liabilities recognised in the consolidated statement of financial position	707	759

The Group is liable for withholding taxes on dividends distributed by the subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

Deferred tax assets have not been recognised in respect of the following items:

	2023 RMB'000	2022 RMB'000
Unused tax losses	100,500	54,702
Deductible temporary differences	12,562	20,238
Total	113,062	74,940

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

As of 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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17. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	**34,422**	4,394

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of registration	Percentage of equity attributable to the Group	Principal activities
Shenzhen Jiusong Kunxin Investment Center (Limited Partnership) ("**Jiusong**") (深圳九頌坤信投資中心（有限合夥）)	Limited partnership interest	Shenzhen	34.05%	Investment management
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd. ("**Youshi**") (優視整合（北京）公關顧問有限公司)	Ordinary shares	Beijing	5.00%	Exhibition service
Shanghai Buwei Information Technology Co., Ltd. ("**Buwei**") (上海不維信息技術有限公司)	Ordinary shares	Shanghai	20.00%	Marketing services
Shanju (Shanghai) Culture Broadcast Co., Ltd. ("**Shanju Culture**") (閃劇（上海）文化傳媒有限公司)	Ordinary shares	Shanghai	30.00%	Radio and TV program production and operation services

The Group has less than 20% of equity interests in Youshi. With the Group's holding seat in the board of Youshi and participation in the financial and operating activities of Youshi, the Group could exercise significant influence over Youshi. Accordingly, Youshi is accounted for as an associate.

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17. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the summarised financial information of Jiusong:

	Jiusong 31 December 2023 RMB'000
Current assets	**107**
Non-current assets	**88,000**
Net assets	**88,107**
Net assets, excluding goodwill	**88,107**
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's interest in the associate	**34.05%**
Carrying amount of the investment	**30,000**

	Jiusong 2023 RMB'000
Loss and total comprehensive income	**(1)**

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the associates' profits/(losses) and total comprehensive income for the year	**29**	(5,329)
Aggregate carrying amount of the Group's investments in the associates	**4,422**	4,394

Year ended 31 December 2023

18. FINANCIAL ASSETS

	2023 RMB'000	2022 RMB'000
Financial assets at fair value through profit or loss		
Investments in stores with floating repayments *(a)*	**30,464**	–
Convertible loans *(b)*	**35,692**	21,807
Unlisted equity investments *(c)*	**8,074**	15,727
	74,230	37,534
Current portion	**(17,634)**	–
Non-current portion	**56,596**	37,534
Debt investments at amortised cost		
Investments in stores with fixed repayments *(a)*	**47,958**	–
Current portion	**(28,632)**	–
Non-current portion	**19,326**	–

(a) Investments in stores mainly represent the Group's investments in micro and small businesses, enriching them with business intelligence, talent, and customer resources.

The investment with floating repayments represents investments exchange for a contractual entitlement to an agreed percentage of daily revenue share for an agreed time period from the invested store.

The investment with fixed repayments represents investments exchange for a contractual entitlement to a fixed repayment for an agreed time period from the invested store.

(b) The convertible loans were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(c) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. The Group did not have significant influence on these invested entities. The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

19. INVENTORIES

	2023 RMB'000	2022 RMB'000
Finished goods	**9,169**	68,810

As at 31 December 2023, the Group's inventories with an aggregate carrying amount of approximately RMB5,387,000 (31 December 2022: Nil) were pledged to secure bank and other borrowings granted to the Group (note 25).

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20. TRADE AND NOTES RECEIVABLES

	2023 RMB'000	2022 RMB'000
Included in non-current assets:		
Trade receivables	**19,982**	–
Impairment	**(8,736)**	–
	11,246	–
Included in current assets:		
Trade receivables	**1,771,602**	1,639,543
Notes receivable	**6,900**	138,917
Impairment	**(238,942)**	(207,573)
	1,539,560	1,570,887
Total	**1,550,806**	1,570,887

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 RMB'000	2022 RMB'000
Less than 1 year	**1,507,006**	1,423,735
1 to 2 years	**36,900**	8,235
Total	**1,543,906**	1,431,970

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

	2023 RMB'000	2022 RMB'000
At beginning of year	**207,573**	56,111
Impairment losses, net *(note 7)*	**40,105**	151,462
At end of year	**247,678**	207,573

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20. TRADE AND NOTES RECEIVABLES (Continued)

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

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

As at 31 December 2023

	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Defaulted receivables	**100%**	**171,598**	**171,598**
Less than 1 year	**1.24%**	**1,525,985**	**18,979**
1 to 2 years	**51.93%**	**76,770**	**39,870**
2 to 3 years	**100.00%**	**7,188**	**7,188**
Over 3 years	**100.00%**	**10,043**	**10,043**
Total	**13.82%**	**1,791,584**	**247,678**

As at 31 December 2022

	Expected credit loss rates	Gross carrying amounts RMB'000	Impairment RMB'000
Defaulted receivables	100.00%	155,668	155,668
Less than 1 year	1.15%	1,440,263	16,528
1 to 2 years	75.43%	33,520	25,285
2 to 3 years	100.00%	4,545	4,545
Over 3 years	100.00%	5,547	5,547
Total	12.66%	1,639,543	207,573

As at 31 December 2023, trade receivables from certain customers were pledged to secure trade payables amounting to RMB150,000,000 (2022: Nil) granted to the Group (note 23).

Year ended 31 December 2023

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 **RMB'000**	2022 RMB'000
Included in non-current assets:		
Prepayments	**18,051**	4,160
Included in current assets:		
Prepayments	**294,422**	124,695
Value-added tax recoverable	**131,717**	123,221
Deposits	**22,591**	27,246
Other receivables	**18,934**	17,149
	467,664	292,311
Impairment losses	**(17,477)**	(15,596)
Total	**450,187**	276,715

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

	2023 **RMB'000**	2022 RMB'000
At beginning of year	**15,596**	–
Impairment losses, net *(note 7)*	**1,881**	15,596
At end of year	**17,477**	15,596

The Group applies a general approach in calculating ECL for other receivables. Other receivables related to debtors that are in default are classified as Stage 3 and the lifetime ECL rate was estimated to be 100% based on historical credit loss experience, resulting in an impairment balance of RMB17,477,000 (2022: RMB15,596,000). The remaining other receivables are classified as Stage 1 without any significant increase in credit risk since initial recognition. Their recoverability was assessed with reference to the credit status of the debtors, and the expected credit loss as at 31 December 2023 was considered to be insignificant.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2023 RMB'000	2022 RMB'000
Cash and bank balances	**363,605**	290,807
Denominated in RMB	**363,417**	217,589
Denominated in HK$	**56**	364
Denominated in US$	**132**	72,854
Total	**363,605**	290,807
Cash and bank balances	**363,605**	290,807
Less: restricted cash	**(2,699)**	(11,117)
Cash and cash equivalents	**360,906**	279,690

At the end of the reporting period, the cash and bank balances of the Group denominated in HK$ and US$ amounted to RMB188,000 (2022: RMB73,218,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Among of restricted cash, amounting to RMB1,146,000 as at 31 December 2023 (2022: RMB8,358,000) were frozen by the local regulators subject to resolutions of certain disputes.

23. TRADE PAYABLES

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

	2023 RMB'000	2022 RMB'000
Within 90 days	**583,747**	229,129
91 to 365 days	**28,670**	9,520
Over 1 year	**10,012**	3,334
Total	**622,429**	241,983

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

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24. OTHER PAYABLES AND ACCRUALS

	Notes	2023 RMB'000	2022 RMB'000
Payroll and bonus payables		**10,994**	10,181
Other tax payables		**32,844**	31,657
Collections from customers	*(a)*	**68,943**	31,918
Other payables	*(b)*	**27,156**	23,306
Total		**139,937**	97,062

(a) Collections from customers are collections from customers seeking for advertisement distribution services.

(b) Other payables are non-interest-bearing and repayable on demand.

25. INTEREST-BEARING BANK BORROWINGS

	2023 RMB'000	2022 RMB'000
Current:		
Bank loans – secured	**5,404**	–
Bank loans – unsecured	**409,533**	574,725
Total – current	**414,937**	574,725
Analysed into:		
Bank loans repayable:		
Within one year	**414,937**	574,725

The bank borrowings carry interest at rates ranging from 2.30% to 4.30% (2022: 3.55% to 4.85%) per annum.

As at 31 December 2023, certain loans were secured by the pledge of the Group's inventories amounting to RMB5,387,000 (2022: Nil).

26. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Included in current liabilities		
Online marketing solutions services	**50,360**	36,535

Contract liabilities include short-term advances received to provide online marketing solutions services. The increase in contract liabilities from 2022 to 2023 was mainly due to the increase in short-term advances received from customers in relation to the provision of online marketing solutions services at the end of the years.

Contract liabilities primarily consist of the unrecognised revenue on online marketing services from the amount prepaid by customers, where there is still an implied obligation to be provided by the Group.

27. SHARE CAPITAL AND TREASURY SHARES

Shares

	2023 RMB'000	2022 RMB'000
Issued and fully paid:		
795,658,000 (2022: 795,658,000) ordinary shares of US$0.00005 each	**148**	148

A summary of movements in the Company's ordinary shares in issue is as follows:

	Number of shares in issue '000	Share capital RMB'000	Treasury shares RMB'000
At 1 January 2023	**795,658**	**148**	**(40,526)**
Shares repurchased *(note a)*	**–**	**–**	**(6,733)**
Exercise of RSUs	**–**	**–**	**621**
At 31 December 2023	**795,658**	**148**	**(46,638)**
At 1 January 2022	795,658	148	(36,670)
Shares repurchased *(note a)*	–	–	(3,856)
At 31 December 2022	795,658	148	(40,526)

Note:

(a) During the year ended 31 December 2023, the Company repurchased 10,746,000 (2022: 3,273,000) of its shares on the Hong Kong Stock Exchange at a total consideration of RMB6,733,000 (2022: RMB3,856,000).

Year ended 31 December 2023

28. SHARE-BASED PAYMENTS

(a) Share options

The Company operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Share Option Scheme became effective on 17 November 2020 and, unless otherwise cancelled or amended, will remain in force for 10 years from the effective date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 20 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of one to three years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the Share Option Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

28. SHARE-BASED PAYMENTS (Continued)

(a) Share options (Continued)

The following share options were outstanding under the Share Option Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share	**Number of options '000**	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	**2.46**	**6,960**	7.68	7,107
Granted during the year	**0.82**	**63,515**	2.46	2,396
Forfeited during the year	**1.60**	**(1,386)**	2.66	(746)
Replacement during the year	**–**	**–**	(5.22)	(1,797)
At 31 December	**0.97**	**69,089**	2.46	6,960

On 17 July 2023, 45,897,538 options were granted to executives, and 17,617,274 options were granted to other employees.

No share options were exercised during 2023 (2022: Nil).

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

2023 Number of options '000	2022 Number of options '000	**Exercise price* HK$ per share**	**Exercise period**
1,761	1,534	2.46	15 January 2021 to 27 January 2022
1,514	1,534	2.46	15 January 2021 to 14 January 2023
1,327	1,534	2.46	15 January 2021 to 14 January 2024
661	786	2.46	5 September 2022 to 5 September 2023
660	786	2.46	5 September 2022 to 5 September 2024
660	786	2.46	5 September 2022 to 5 September 2025
20,836	–	0.82	17 July 2023 to 31 July 2024
20,835	–	0.82	17 July 2023 to 31 July 2025
20,835	–	0.82	17 July 2023 to 31 July 2026
69,089	6,960		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

28. SHARE-BASED PAYMENTS (Continued)

(a) Share options (Continued)

The fair value of the share options granted on the grant date, 17 July 2023, was RMB0.34 each. The fair value of the share options granted during the year was RMB21,595,000 (2022: RMB2,675,000), of which the Group recognised a share option expense of RMB5,996,000 (2022: RMB112,000) during the year ended 31 December 2023.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2023	2022
Exercise price (HK$)	**0.82**	2.46
Expected volatility (%)	**64.96**	66.30
Dividend yield (%)	**0.00**	3.94
Risk-free interest rate (%)	**3.49**	2.94
Suboptimal factor	**2.47x (executives)/ 1.60x (other employees)**	2.47x (executives)/ 1.60x (other employees)

The expected life of the options is based on the Share Option Scheme and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 69,089,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 69,089,000 additional ordinary shares of the Company and additional share capital of RMB13,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 69,067,000 share options outstanding under the Share Option Scheme, which represented approximately 9% of the Company's shares in issue as at that date.

28. SHARE-BASED PAYMENTS (Continued)

(b) Restricted share units ("RSUs")

The Company adopted the plan whereby the Company provided additional incentives to the Group's employees and directors through the issuance of RSUs. The units vest over a requisite service period of 3 years and expire 10 years from the date of grant.

The following RSUs were outstanding during the year:

	2023 Number of RSUs '000	2022 Number of RSUs '000
At 1 January	**1,230**	–
Granted during the year	**40,000**	1,868
Exercised during the year	**(410)**	–
Forfeited during the year	**–**	(638)
At 31 December	**40,820**	1,230

The Group recognised RSU expenses of RMB674,000 (31 December 2022: RMB322,000) during the year ended 31 December 2023.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting periods are presented in the consolidated statement of changes in equity of the Group.

Capital reserve

The capital reserve of the Group represents the sum of capital reserves of the entities now comprising the Group, after elimination of intra-group balances, attributable to the controlling shareholder.

Statutory surplus reserve

In accordance with the Company Law of the PRC, the subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC GAAP, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Year ended 31 December 2023

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,050,000 (2022: RMB9,201,000) and RMB1,050,000 (2022: RMB9,201,000), respectively, in respect of lease arrangements for leasehold properties.

(b) Changes in liabilities arising from financing activities

	Bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2023	**574,725**	**8,256**
Changes from financing cash flows	**69,988**	**(5,595)**
Discount of notes receivable	**(247,800)**	**–**
New leases	**–**	**1,050**
Terminated	**–**	**(462)**
Interest expense	**18,024**	**272**
At 31 December 2023	**414,937**	**3,521**
At 1 January 2022	612,470	5,598
Changes from financing cash flows	(63,462)	(2,504)
New leases	–	9,201
Terminated	–	(1,862)
Interest expense	25,717	201
Covid-19-related rent concessions from lessors	–	(2,378)
At 31 December 2022	574,725	8,256

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 RMB'000	2022 RMB'000
Within operating activities	**1,219**	1,284
Within financing activities	**5,595**	2,504
Total	**6,814**	3,788

31. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2023 RMB'000	2022 RMB'000
Buildings	**45,500**	65,000

32. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the year:

	2023 RMB'000	2022 RMB'000
Services provided to related parties:		
Opview Oworld (Shanghai) Intelligent Technology Co., Ltd.	**2,326**	–
Baixing Net Co., Ltd.	**388**	377
Shanju (Shanghai) Culture Media Co., Ltd.	**–**	147
Total	**2,714**	524
Services provided by related parties:		
Shanghai Linxiu Information Technology Co., Ltd.	**412**	710
Service fee paid on behalf of a related party		
Youshi Integration (Beijing) Public Relations Consulting Co., Ltd.	**125,380**	35,025

The Group has no guaranteed bank loans granted by shareholders as at 31 December 2023 and 31 December 2022.

(b) Other transactions with related parties:

During the year ended 31 December 2023, Mr. Xu Jiaqing transferred his 100% equity interests in Wuhan Juhaokan to Netjoy Network. After the transfer is completed, Wuhan Juhaokan became a wholly-owned subsidiary of Netjoy Network.

Year ended 31 December 2023

32. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties:

	2023 RMB'000	2022 RMB'000
Amount due from related parties:		
Youshi	**130,784**	53,264
Opview Oworld (Shanghai) Intelligent Technology Co., Ltd.	**2,303**	–
Shanghai Linxiu Information Technology Co., Ltd.	**99**	419
Shanju (Shanghai) Culture Media Co., Ltd.	**–**	148
Total	**133,186**	53,831
Amounts due to related parties		
Baixing Net Co., Ltd.	**42**	11
Shanghai Kijiji Information Technology Co., Ltd.	**–**	263
Tianjin Shangzequn Business Information Consulting Co., Ltd.	**–**	70
Shanju (Shanghai) Culture Media Co., Ltd.	**–**	9
Total	**42**	353

Amounts due to related parties were interest-free and unsecured and had no fixed repayment terms.

(d) Compensation of key management personnel of the Group:

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	**4,739**	3,733
Pension scheme contributions	**406**	414
Equity-settled share option expense	**4,955**	2,196
Total compensation paid to key management personnel	**10,100**	6,343

Further details of directors' emoluments are included in note 8 to the financial statements.

Year ended 31 December 2023

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at amortised cost RMB'000	Debt instruments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade and notes receivables	1,543,906	6,900	–	1,550,806
Prepayments, other receivables and other assets	24,048	–	–	24,048
Financial assets at fair value through profit or loss	–	–	74,230	74,230
Debt investments at amortised cost	47,958	–	–	47,958
Restricted cash	2,699	–	–	2,699
Cash and cash equivalents	360,906	–	–	360,906
Total	1,979,517	6,900	74,230	2,060,647

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Trade payables	622,429	–	622,429
Lease liabilities	3,521	–	3,521
Financial liabilities included in other payables and accruals	96,099	–	96,099
Interest-bearing bank borrowings	414,937	–	414,937
Other liabilities	4,193	4,770	8,963
Total	1,141,179	4,770	1,145,949

Year ended 31 December 2023

33. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2022

Financial assets

	Financial assets at amortised cost RMB'000	Debt instruments at fair value through other comprehensive income RMB'000	Financial assets at fair value through profit or loss RMB'000	Total RMB'000
Trade and notes receivables	1,431,970	138,917	–	1,570,887
Prepayments, other receivables and other assets	28,799	–	–	28,799
Financial assets at fair value through profit or loss	–	–	37,534	37,534
Restricted cash	11,117	–	–	11,117
Cash and cash equivalents	279,690	–	–	279,690
Total	1,751,576	138,917	37,534	1,928,027

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at fair value through profit or loss RMB'000	Total RMB'000
Trade payables	241,983	–	241,983
Lease liabilities	8,256	–	8,256
Financial liabilities included in other payables and accruals	55,224	–	55,224
Interest-bearing bank borrowings	574,725	–	574,725
Total	880,188	–	880,188

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, current portion of financial assets included in prepayments, other receivables and other assets, current portion of debt instruments, interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The non-current portion of trade receivables, debt instruments at amortised cost and lease liabilities of the Group approximate to their fair values due to their carrying amounts are present value and internal rates of return are close to rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At each reporting date, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of unlisted equity investments have been estimated based on the comparable companies analysis in terms of a series key ratios. Management believes that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values as at 31 December 2023.

The Group has estimated the fair value of its investment in stores with floating repayments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of convertible loans included in financial assets at fair value through profit or loss has been determined by reference to the valuation carried out by an external independent valuer by using binomial model. The model involves estimates on time to expiration, risk free rate, share price, expected volatility, discount rates and others. The significant unobservable input used in the fair value measurement is the expected volatility. The fair value measurement is positively correlated to the expected volatility. Any changes in the major inputs used in the model will result in changes in the fair value of financial assets at fair value through profit or loss. The variables and assumptions used in calculating the fair value are based on the directors' best estimate.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets and liabilities measured at fair value

31 December 2023

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Notes receivables	–	6,900	–	6,900
Financial assets at fair value through profit or loss	–	30,464	43,766	74,230
Other liabilities	–	4,770	–	4,770

31 December 2022

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Notes receivables	–	138,917	–	138,917
Financial assets at fair value through profit or loss	–	3,000	34,534	37,534

The Group's policy is to recognise transfers between levels of the fair value hierarchy at the end of the reporting period.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The recurring fair value measurement for the Group's financial assets at fair value through profit or loss was performed using significant unobservable inputs (Level 3) as at 31 December 2023 and 2022. Below is a summary of the valuation technique used and the key inputs to the valuation:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Binomial model	Average EV multiple of peers	2023: 0.89x-3.57x (2022: 0.50x-3.70x)	5.00% increase/decrease would result in increase/decrease in fair value by 5.00%
		Discount for illiquidity	2023: 27.00% (2022:26.00%)	5.00% increase/decrease would result in decrease/increase in fair value by 5%
Convertible loans	Binomial model	Discount rate	2023: 15.66%-19.90% (2022: 25.06%)	5.00% increase/decrease would result in decrease/increase in fair value by 5.00%
		Volatility	2023: 41.51%-51.26% (2022: 32.60%-67.73%)	5.00% increase/decrease would result in decrease/increase in fair value by 5.00%

The movements in financial assets recognised into Level 3 during the year are as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**34,534**	–
Total gains recognised in the statement of profit or loss	**(5,768)**	3,078
Purchases	**15,000**	61,500
Disposals	**–**	(30,044)
As at 31 December	**43,766**	34,534

Year ended 31 December 2023

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has various financial assets and liabilities such as cash and cash equivalents, trade receivables, trade payables and other payables, which arise directly from its operations.

The main risks faced by the Group are credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

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 trade receivables).

The Group trades only with recognised and creditworthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The carrying amounts of cash and cash equivalents, restricted cash, trade and notes receivables, financial assets included in prepayments, other receivables and other assets in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Further qualitative and quantitative information regarding trade receivables, which apply the simplified approach under IFRS 9, is disclosed in note 20 to the financial statements.

Apart from trade and notes receivables, all the carrying amounts of financial assets at amortised cost, applying the general approach under IFRS 9, are classified as Stage 1 in terms of ECLs as at 31 December 2023 in addition to the fully impaired other receivables classified as Stage 3, as stated in note 21 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2023

	On demand RMB'000	Less 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
Trade payables	622,429	–	–	622,429
Lease liabilities	–	3,546	35	3,581
Financial liabilities included in other payables and accruals	96,099	–	–	96,099
Interest-bearing bank borrowings	–	420,829	–	420,829
Other liabilities	–	135	5,926	6,061
Total	718,528	424,510	5,961	1,148,999

31 December 2022

	On demand RMB'000	Less 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
Trade payables	241,983	–	–	241,983
Lease liabilities	–	5,323	3,378	8,701
Financial liabilities included in other payables and accruals	55,224	–	–	55,224
Interest-bearing bank borrowings	–	581,041	–	581,041
Total	297,207	586,364	3,378	886,949

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 31 December 2022.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of the reporting periods were as follows:

	2023 RMB'000	2022 RMB'000
Total liabilities	**1,261,274**	978,164
Total assets	**2,646,450**	2,349,093
Debt-to-asset ratios	**48%**	42%

36. EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after 31 December 2023.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSET		
Investment in subsidiaries and total non-current assets	**30,130**	16,634
CURRENT ASSETS		
Prepayments, other receivables and other assets	**1,009,455**	1,018,884
Cash and cash equivalents	**1,244**	1,932
Total current assets	**1,010,699**	1,020,816
CURRENT LIABILITIES		
Trade payables	**70**	–
Other payables and accruals and total current liabilities	**6,968**	6,969
Total current liabilities	**7,038**	6,969
NET CURRENT ASSETS	**1,003,661**	1,013,847
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,033,791**	1,030,481
NET ASSETS	**1,033,791**	1,030,481
EQUITY		
Share capital	**148**	148
Treasury shares	**(46,638)**	(40,526)
Reserves *(note)*	**1,080,281**	1,070,859
Total equity	**1,033,791**	1,030,481

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Accumulated losses RMB'000	Share option reserve RMB'000	Total RMB'000
At 1 January 2022	1,104,982	(16,817)	12,197	1,100,362
Equity-settled share option arrangements	–	–	4,076	4,076
Profit and total comprehensive income for the year	–	319	–	319
Dividend declared	–	(33,898)	–	(33,898)
At 31 December 2022	1,104,982	(50,396)	16,273	1,070,859
At 1 January 2023	**1,104,982**	**(50,396)**	**16,273**	**1,070,859**
Equity-settled share option arrangements	**–**	**–**	**13,495**	**13,495**
Loss and total comprehensive income for the year	**–**	**(3,452)**	**–**	**(3,452)**
Exercise of RSUs	**(152)**	**–**	**(469)**	**(621)**
At 31 December 2023	**1,104,830**	**(53,848)**	**29,299**	**1,080,281**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

Definitions

"Amended Post-IPO Share Option Scheme"	the amended Post-IPO Share Option Scheme conditionally adopted by Shareholders on December 22, 2023
"Award"	an award of RSUs/share award granted to a Participant pursuant to the RSU Scheme/Share Award Scheme, an award may include, if so specified by the Administrator in its absolute discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of the Shares underlying such RSUs from the date that the Award is granted to the date that it vests
"AGM"	annual general meeting of the Company
"Aofa Management"	Shanghai Aofa Enterprise Management Co., Ltd. (上海奧發企業管理有限公司), a limited liability company established in the PRC on March 26, 2019 and a Shareholder of the Company
"Articles" or "Articles of Association"	the second amended and restated articles of association of the Company adopted on June 20, 2022 by way of a special resolution, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Baixing Net"	Baixing Co., Ltd. (百姓網股份有限公司), a joint stock limited liability company established in the PRC on September 30, 2005, the shares of which are listed on NEEQ (stock code: 836012), and the holding company of Kijiji
"Baxter Investment"	Baxter Investment Holding Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The RGRGU Trust and the immediate shareholder of Dai SPV
"Board" or "Board of Directors"	the board of Directors
"BVI"	the British Virgin Islands
"Business Day(s)"	any day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing securities
"Cayman Companies Law" or "Companies Law"	the Companies Act (2018 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

"Cause"	with respect to a Grantee, the summary termination of employment or office on any one or more of the following grounds: (i) the Grantee has been guilty of misconduct; or (ii) has been convicted of any criminal offence involving his/her integrity or honesty; or (iii) has been charged, convicted or held liable for any offence under the relevant securities laws in the People's Republic of China, Hong Kong or any other applicable laws, or (iv) has committed any material breach of any contract entered into between the Grantee on the one hand and any member of the Group on the other hand; or (v) (if so determined by the Administrator or the board of directors of the relevant Group Company in its sole and absolute discretion) on any other ground on which the relevant Group Company would be entitled to terminate his/her employment or office summarily pursuant to any applicable laws or under the Grantee's service contract with the relevant Group Company. Notwithstanding the foregoing, a decision of the Administrator or the board of directors of the relevant Group Company to the effect that the employment or office of a Grantee has or has not been terminated on one or more of the grounds specified herein shall be conclusive
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only, except where the context requires, references in this annual report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Company"	Netjoy Holdings Limited (云想科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on March 29, 2019
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely Netjoy Network and Tradeplus
"Contractual Arrangements"	the series of contractual arrangements, as the case may be, entered into by, among others, Yunxiang Information, Netjoy Network and its Registered Shareholders on March 30, 2020 and Tradeplus and its Registered Shareholders on June 16, 2021, respectively
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

"core connected person(s)"	"core connected person(s)"
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Dai SPV"	Blackburn Capitals Holding Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Baxter Investment, and directly holding the relevant Shares on behalf of The RGRGU Trust
"Derun International"	Derun International Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM Fiduciaries (Hong Kong) Limited for the administration of The Longhills Trust and the immediate shareholder of Wang SPV
"Derun Investments"	Derun Investments Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Wang, the settlor of The Longhills Trust
"Director(s)"	director(s) of the Company
"Disability"	a disability, whether temporary or permanent, partial or total as determined by the Administrator based on medical proof
"Family Trust(s)"	the relevant discretionary family trust set up by each of Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai and Mr. Ru, namely The Longhills Trust, The FS Trust, The MH's Family Trust, The RGRGU Trust and The Ru Liang's Trust
"FSS Investment"	FSS Investment Holding Limited, a company incorporated under the laws of BVI on October 22, 2019, the intermediary holding vehicle set up by PraxisIFM (Hong Kong) Limited for the administration of The FS Trust and the immediate shareholder of Xu SPV
"Global Awesomeness"	Global Awesomeness Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Dai, the settlor of The RGRGU Trust
"Global Offering"	the offering by the Company of the Shares for subscription to the public in Hong Kong and the offering of Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act in December 2020
"Group", "we", "us", or "Netjoy"	the Company, its subsidiaries and its Consolidated Affiliated Entities from time to time or, where the context so requires, in respect of the period before the Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

"Guomeng Internet"	Guangzhou Guomeng Network Technology Co., Ltd. (廣州果盟網絡科技有限公司), a limited liability company established in the PRC on May 20, 2019 and an indirectly wholly-owned subsidiary of the Company
"Guzon Asset"	Shanghai Guzon Asset Management Co., Ltd. (上海巨漳資產管理有限公司), a limited liability company established in the PRC on September 9, 2015 and a Shareholder of the Company
"HK$" or "HKD" or "Hong Kong Dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"holding company(ies)"	has the meaning ascribed thereto under the Listing Rules
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huabian Platform", "Huabian"	Huabian Website (www.huabian.com) and its mobile terminal, our self-operated pan-entertainment oriented content platform
"IFRSs"	International Financial Reporting Standards
"Kijiji"	Shanghai Kijiji Information Technology Co., Ltd. (上海客齊集信息技術股份有限公司), a joint stock limited liability company established in the PRC on June 16, 2005 and a Shareholder of the Company
"Letui Culture"	Letui (Shanghai) Culture Broadcast Co., Ltd. (樂推(上海)文化傳播有限公司), a limited liability company established in the PRC on December 19, 2013 and an indirectly wholly-owned subsidiary of the Company
"Letui Information"	Letui Chuanshi (Shanghai) Information Technology Co., Ltd. (樂推傳視(上海)信息技術有限公司), a limited liability company established in the PRC on August 2, 2019 and an indirectly wholly-owned subsidiary of the Company
"Letui Zhixiao"	Letui Zhixiao (Shanghai) Cultural Communication Co., Ltd. (樂推智效(上海)文化傳播有限公司), a limited liability company established in the PRC on January 26, 2020 and an indirectly wholly-owned subsidiary of the Company
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	December 17, 2020, i.e. the date on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, adopted on November 17, 2020 with immediate effect, and as amended from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Dai"	Mr. Dai Liqun (戴立群), a non-executive Director
"Mr. Qin"	Mr. Qin Miaomiao (覃渺渺), the ultimate controller of The MH's Family Trust
"Mr. Ru"	Mr. Ru Liang (茹良), the ultimate controller of The Ru Liang's Trust and a Registered Shareholder of Netjoy Network
"Mr. Wang"	Mr. Wang Chen (王晨), an executive Director, the chief executive officer of the Company
"Mr. Xu"	Mr. Xu Jiaqing (徐佳慶), an executive Director, the chairman of the Board
"NEEQ"	The National Equities Exchange and Quotations (全國中小企業股份轉讓系統) of the PRC
"Netjoy Network"	Netjoy (Shanghai) Network Technology Co., Ltd. (嗨皮（上海）網絡科技有限公司) (formerly known as Netjoy (Shanghai) Network Technology Holdings Co., Ltd. (嗨皮（上海）網絡科技股份有限公司)), a limited liability company established in the PRC on November 15, 2012 and a Consolidated Affiliated Entity indirectly controlled by the Company through the Contractual Arrangements
"Nomination Committee"	the nomination committee of the Board
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved by a written resolution passed by the then Shareholders on November 17, 2020 and has taken effect from the Listing Date
"Prospectus"	the prospectus of the Company dated December 7, 2020
"Qipu Xinzhe"	Hangzhou Qipu Xinzhe Investment Management Partnership (Limited Partnership) (杭州啟浦信喆投資管理合夥企業（有限合夥）), a limited partnership established in the PRC on March 10, 2017 and a Shareholder of the Company
"Qizheng Culture"	Qizheng (Shanghai) Culture Communication Co., Ltd. (啟征（上海）文化傳播有限公司), a limited liability company established in the PRC on May 28, 2019 and an indirectly wholly-owned subsidiary of the Company

"Quantum Computing"	Quantum Computing Power Limited, a company incorporated under the laws of BVI on March 13, 2019 and wholly owned by Mr. Xu, the settlor of The FS Trust
"Quantum Culture Media"	Horgos Quantum Dynamic Culture Media Co., Ltd. (霍爾果斯量子動態文化傳媒有限公司), a limited liability company established on June 8, 2017 and an indirectly wholly-owned subsidiary of the Company
"Registered Shareholders"	the registered shareholders of Netjoy Network and Tradeplus
"Registered Shareholders of Netjoy Network"	the registered shareholders of Netjoy Network, being Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai, Mr. Ru, Kijiji, Wutong Holding, Guzon Asset, Jingheng Jianyong, Aofa Management, Qipu Xinzhe and Wideview Asset
"Registered Shareholders of Tradeplus"	the registered shareholders of Tradeplus, being Mr. Wang and Mr. Dai
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2023
"RMB" or "Renminbi"	the lawful currency of the PRC
"Ru SPV"	Jingke Global Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Jingke International, and directly holding the relevant Shares on behalf of The Ru Liang's Trust
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Shanghai Buwei"	Shanghai Buwei Information Technology Co., Ltd. (上海不維信息技術有限公司), a limited liability company established in the PRC on February 6, 2017, the equity interest of which is held as to 20% by Netjoy Network
"Shanghai Fangxi"	Shanghai Fangxi Investment Management Partnership (Limited Partnership) (上海訪溪投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
"Shanghai Paisen"	Shanghai Paisen Investment Management Partnership (Limited Partnership) (上海派森投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo

"Shanghai Xiangnong"	Shanghai Xiangnong Investment Management Partnership (Limited Partnership) (上海香儂投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on May 19, 2015, the sole general partner of which is Mr. Wang Jianshuo
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of US$0.00005 each
"Share Option(s)"	the right to subscribe for a specified number of shares pursuant to the Post-IPO Share Option Scheme/the Amended Post-IPO Share Option Scheme
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder"	has the meaning ascribed thereto under the Listing Rules
"Supplier A"	Beijing Ocean Engine Internet Technology Co., Ltd. (北京巨量引擎網絡技術有限公司) ("**Ocean Engine**", a limited liability company established in the PRC on November 11, 2016), its subsidiaries, its holding company(ies) (including Bytedance), and the fellow subsidiaries of its holding company(ies). Ocean Engine is a marketing brand and platform of Bytedance, which integrates marketing capabilities of Toutiao, Douyin, Xigua Video (西瓜視頻), Dongchedi (懂車帝), Chuanshanjia (穿山甲), and other products of Bytedance, gathering traffic, content and other partners to provide integrated digital marketing solutions for global advertisers
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"The FS Trust"	a discretionary family trust set up by Mr. Xu (as the economic settlor and the protector), Quantum Computing (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Quantum Computing (as the initial beneficiary) and other beneficiaries as nominated by Mr. Xu from time to time
"The Longhills Trust"	a discretionary family trust set up by Mr. Wang (as the economic settlor and the protector), Derun Investments (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Derun Investments (as the initial beneficiary) and other beneficiaries as nominated by Mr. Wang from time to time
"The MH's Family Trust"	a discretionary family trust set up by Mr. Qin (as the economic settlor and the protector), CareFree Planning (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of CareFree Planning (as the initial beneficiary) and other beneficiaries as nominated by Mr. Qin from time to time

"The RGRGU Trust"	a discretionary family trust set up by Mr. Dai (as the economic settlor and the protector), Global Awesomeness (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Global Awesomeness (as the initial beneficiary) and other beneficiaries as nominated by Mr. Dai from time to time
"The Ru Liang's Trust"	a discretionary family trust set up by Mr. Ru (as the economic settlor and the protector), Luminous Stars (as the settlor) and PraxisIFM Fiduciaries (Hong Kong) Limited (as the trustee) for the benefit of Luminous Stars (as the initial beneficiary) and other beneficiaries as nominated by Mr. Ru from time to time
"Tradeplus"	Tradeplus (Shanghai) Information Technology Co., Ltd. (連山加（上海）信息技術有限公司, formerly known as Yuntu (Shanghai) Video Technology Co., Ltd. (雲圖（上海）視頻技術有限公司), a limited liability company established in the PRC on May 6, 2021, and a Consolidated Affiliated Entity controlled by the Company through Contractual Arrangements
"U.S." or "United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Wang SPV"	Derun System Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by Derun International, and directly holding the relevant Shares on behalf of The Longhills Trust
"Wideview Asset"	Shanghai Wideview Asset Management Co., Ltd. (上海寬遠資產管理有限公司), a limited liability company established in the PRC on May 26, 2014 and a Shareholder of the Company
"Wuhan Juhaokan"	Wuhan Juhaokan Network Technology Co., Ltd., a limited company established in PRC on November 18, 2022, is 100% owned by Netjoy Network
"Wutong Holding"	Wutong Holding Group Co., Ltd. (吳通控股集團股份有限公司), a limited liability company established in the PRC on June 22, 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300292), and a Shareholder of the Company
"Xu SPV"	Magne Core Limited, a company incorporated under the laws of BVI on November 22, 2019 wholly owned by FSS Investment, and directly holding the relevant Shares on behalf of The FS Trust
"Yunxiang Entertainment"	Yunxiang Entertainment (Shanghai) Co., Ltd. (云想娛樂（上海）有限公司), formerly known as Netjoy (Shanghai) Information Technology Co., Ltd. (嗨皮（上海）信息技術有限公司), a limited liability company established in the PRC on August 28, 2018 and an indirectly wholly-owned subsidiary of the Company

"Yunxiang Information"	Yunxiang Shuke (Shanghai) Information Technology Co., Ltd. (云想數科（上海）信息技術有限公司), a limited liability company established in the PRC on August 29, 2019 and an indirectly wholly-owned subsidiary of the Company
"Yunxiang Information Xi'an"	Yunxiang Shuke (Xi'an) Information Technology Co., Ltd. (云想數科（西安）信息技術有限公司), a limited company established in PRC on November 18, 2022 and an indirect wholly-owned subsidiary of the Company
"%"	per cent