Many Idea Cloud Holdings Limited
多想雲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6696

2023

INTERIM REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTOR

Executive Director

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

Independent Non-executive Director

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

COMPANY SECRETARY

Ms. Tang Wing Shan Winza

AUTHORISED REPRESENTATIVE

Mr. Liu Jianhui
Ms. Tang Wing Shan Winza

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

PRINCIPAL BANKER

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2408, World-Wide House
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Central
Hong Kong

HEADQUARTERS IN THE PRC

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

AUDITOR

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

HONG KONG LEGAL ADVISER

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR IN HONG KONG

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

COMPLIANCE ADVISER

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

COMPANY WEBSITE

www.manyidea.cloud

STOCK CODE

6696

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT OR LOSS

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	**287,607**	198,356
Gross profit	**54,665**	65,102
Profit before income tax	**23,259**	25,098
Profit for the year	**20,475**	19,482

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Assets		
Non-current assets	**129,556**	135,562
Current assets	**680,465**	580,990
Total assets	**810,021**	716,552
Liabilities		
Non-current liabilities	**437**	859
Current liabilities	**244,249**	170,833
Total liabilities	**244,686**	171,692
Equity		
Equity attributable to owners of the Company	**563,840**	543,347
Equity attributable to non-controlling interests	**1,495**	1,513
Total equity	**565,335**	544,860
Total equity and liabilities	**810,021**	716,552

CONSOLIDATED FINANCIAL DATA

For the six months ended 30 June 2023, the Group achieved a revenue of approximately RMB287,607,000, a year-on-year ("YoY") increase of approximately 45.0%.

REVENUE FROM INTEGRATED MARKETING SERVICES

For the six months ended 30 June 2023, the Group's revenue from integrated marketing services amounted to approximately RMB267,113,000, a YoY increase of approximately 47.0%, making up approximately 92.9% of the Group's total revenue.

REVENUE FROM SAAS INTERACTIVE MARKETING SERVICES

For the six months ended 30 June 2023, the Group's revenue reached approximately RMB20,494,000, a YoY surge of approximately 23.5%, representing approximately 7.1% of the Group's total revenue.

CHAIRMAN'S STATEMENT

Distinguished shareholders,

I am very pleased to, on behalf of the board (the "Board") of directors (the "Directors") of Many Idea Cloud Holdings Limited (hereinafter referred to as "Many Idea Cloud", "the Company" or "our Company"), hereby present the interim business results of our Company and its subsidiaries (hereinafter collectively referred to as "our Group", "the Group", "we" or "us") for the six months ended 30 June 2023 (hereinafter referred to as the "Reporting Period"), extend our most sincere gratitude to all shareholders, and thanks to all employees of the Group for their unremitting efforts. In the first half of 2023, as the pandemic receded, we followed the trend of the times and seized the marketing opportunities. Many Idea Cloud never stopped its pace. Instead, we continued to meet the diversified needs of our customers, rose to the challenges, and forged ahead, while also deepening our cooperation with the vertical media platform of TikTok, aiming to expand our business scale and increase revenue. We are committed to helping our customers realise their brand value and achieve multi-channel sales growth to build the Group into a leading one-stop marketing service provider integrating brand, efficiency, and sales in China.

REVIEW

In the first half of 2023, we have shown steady performance in overall revenue, with the proportion of income from major customers continuously increasing. The revenue from the TikTok business has also entered a sustainable development track, indicating that our Group is expected to experience accelerated development in businesses in the second half of the year.

OUTLOOK

In the second half of 2023, we will focus on the following directions to drive growth: intensify our efforts on key customers, optimise operational capabilities to assist customers in reducing the cost of customer acquisition, and increase ROI conversion. In addition, we will also utilise various cooperation models such as agency operation, distribution, and dealership to help customers improve their sales through short videos, live streaming, and influencer distribution.

APPRECIATION

In the future, we will take technology as the core and truly realise AI-enabled integrated marketing for enterprises, continuously strengthen our technical capabilities, and constantly improve our product innovation capabilities. I would like to take this opportunity to express our most sincere gratitude towards all of the Group's shareholders, investors and business partners for their full trust in and support to the Group. I would like to thank all my colleagues in the Board, the management and all employees for their unremitting efforts and contributions to the Group. In the future, we will strive to maintain the development momentum of the Group and seek stable returns for the shareholders.

Many Idea Cloud Holdings Limited
Chairman of the Board of Directors
Liu Jianhui
25 August 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Review

In the first half of 2023, we have shown steady growth in overall revenue, with the proportion of income from major customers continuously increasing. The revenue from the digital marketing services, particularly through Tiktok channel is also growing steadily, paving way for our accelerated development in businesses in the second half of the year.

Outlook

In the second half of 2023, we will focus on the following directions to drive growth: intensifying our efforts on key customers, optimising operational capabilities to assist customers in reducing the cost of customer acquisition, and enhancing our return on investment. In addition, we will also explore various cooperation models such as agency operation, distribution, and dealership to help customers improve their sales through short videos, live streaming, and influencer distribution.

FINANCIAL REVIEW

Overview

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

During the six months ended 30 June 2023 (the "Reporting Period"), our total revenue reached approximately RMB287,607,000, a year-on-year ("YoY") growth of approximately 45.0% (approximately RMB198,356,000 in the same period in 2022). The increase in revenue was mainly due to our continued business expansion and improved reputation among existing and potential customers as well as the launch of the new TikTok distribution channel this year, which has resulted in increased revenue from integrated marketing services and SaaS interactive marketing services.

FINANCIAL REVIEW (Continued)

Revenue

During the Reporting Period, our total revenue reached approximately RMB287,607,000, a YoY growth of approximately 45.0% (approximately RMB198,356,000 in the same period in 2022).

The following table sets out a breakdown of our total revenue for the periods indicated. During the Reporting Period, the Company recorded a YoY growth of approximately 47.0% in revenue from integrated marketing services to approximately RMB267,113,000, accounting for approximately 92.9% of the Group's total revenue, and the Company's revenue from SaaS interactive marketing services increased by approximately 23.5% YoY to approximately RMB20,494,000, accounting for approximately 7.1% of the Group's total revenue.

	For the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	**%**	RMB'000 (Unaudited)	%	%
Revenue from Integrated Marketing Services	**267,113**	**92.9**	181,768	91.6	47.0
Revenue from SaaS Interactive Marketing Services	**20,494**	**7.1**	16,588	8.4	23.5
Total	**287,607**	**100.0**	198,356	100.0	45.0

Integrated Marketing Services

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

	For the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	**%**	RMB'000 (Unaudited)	%	%
Content marketing	**130,142**	**48.7**	102,617	56.5	26.8
Digital marketing	**91,896**	**34.4**	47,713	26.2	92.6
Media advertisement	**37,250**	**13.9**	25,779	14.2	44.5
Public relations event planning	**7,825**	**2.9**	5,659	3.1	38.3
Total	**267,113**	**100.0**	181,768	100.0	47.0

FINANCIAL REVIEW (Continued)

Revenue (Continued)

Integrated Marketing Services (Continued)

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

During the Reporting Period, our revenue from integrated marketing services increased by approximately 47.0% YoY to approximately RMB267,113,000 (approximately RMB181,768,000 in the same period in 2022), accounting for approximately 92.9% of revenue in the first half of 2023. The increase in revenue from integrated marketing services was mainly due to the increase in revenue derived from content marketing services, digital marketing services, and media marketing services which were attributable to the abundance of experience in serving customers gleaned over the years and our marketing solutions were more tailored to customer marketing needs.

SaaS Interactive Marketing Services

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

Our revenue from integrated marketing services increased by approximately 23.5% YoY to approximately RMB20,494,000 (approximately RMB16,588,000 in the same period in 2022), accounting for approximately 7.1% of revenue in the first half of 2023. Such increase was mainly attributable to the increasing recognition of our SaaS interactive marketing platform, Content Engine by customers, which facilitate the online marketing promotion strategies of our customers and provided "Content + Technology" platform services.

FINANCIAL REVIEW (Continued)

Cost of revenue

During the Reporting Period, the cost of our revenue amounted to approximately RMB232,942,000, a YoY growth of approximately 74.8% (approximately RMB133,254,000 in the same period in 2022).

Integrated Marketing Services

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

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

	As of the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
Media advertising resources costs					
– Marketing rights from IP content providers	51,777	23.7	24,419	19.4	112.0
– Costs of obtaining advertising resources from advertising media channels or their agents	148,793	68.0	5,878	4.7	2,431.4
– Other media technical and execution costs	3,284	1.5	71,272	56.7	(95.4)
Subtotal	203,854	93.1	101,569	80.7	100.7
Production costs	10,429	4.8	19,791	15.7	(47.3)
Equipment rental costs	715	0.3	391	0.3	82.9
Staff costs	3,034	1.4	3,160	2.5	(4.0)
Other costs	866	0.4	881	0.7	(1.7)
Total	218,898	100.0	125,792	100.0	74.0

During the Reporting Period, the cost of revenue of integrated marketing services reached approximately RMB218,898,000, a YoY growth of approximately 74.0% (approximately RMB125,792,000 in the same period in 2022). Such an increase was primarily due to an acquisition of the first-tier agent of TikTok during the Reporting Period that resulted in an increase in revenue from digital marketing services and thus increased costs of media advertising resources.

FINANCIAL REVIEW (Continued)

Cost of revenue (Continued)

SaaS Interactive Marketing Services

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

	As of the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
SaaS costs	**13,811**	**98.3**	7,174	96.1	92.5
Staff costs	**233**	**1.7**	288	3.9	(19.1)
Total	**14,044**	**100.0**	7,462	100.0	88.2

During the Reporting Period, the cost of revenue of SaaS interactive marketing services amounted to approximately RMB14,044,000, a YoY growth of approximately 88.2% (approximately RMB7,462,000 in the same period in 2022). Such growth was principally due to the increased customised outsourcing fees along with a rise in the revenue from SaaS interactive marketing services, pushing up such cost of revenue.

FINANCIAL REVIEW (Continued)

Gross profit

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

	For the six months ended 30 June				
	2023		2022		Change (+/(-))
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%	%
Integrated Marketing Services	48,215	88.2	55,976	86.0	(13.9)
SaaS Interactive Marketing Services	6,450	11.8	9,126	14.0	(29.3)
Total	54,665	100.0	65,102	100.0	(16.0)

During the Reporting Period, our total gross profit reached approximately RMB54,665,000, a YoY decrease of approximately 16.0% (approximately RMB65,102,000 in the same period in 2022). The gross profit from integrated marketing services was approximately RMB48,215,000, a YoY decrease of approximately 13.9% (approximately RMB55,976,000 in the same period in 2022). The decline in gross profit margin of the Company's integrated marketing services was mainly due to the low gross margin of our cooperation with TikTok as its first-tier agent. Our gross profit from SaaS interactive marketing services was approximately RMB6,450,000, a YoY increase of approximately 29.3% (approximately RMB9,126,000 in the same period in 2022). The gross profit margin for SaaS interactive marketing services decreased from approximately 55.0% in 2022 to approximately 31.5%, mainly due to the Company's increased exclusive customised outsourcing fees during the Reporting Period.

Selling and marketing expenses

Our selling and marketing expenses mainly consist of (i) salaries and benefits of marketing and technical support personnel; (ii) business entertainment and travel expenses, largely including business entertainment, accommodation and travel expenses; (iii) amortization and depreciation, mainly referring to the depreciation of equipment, automobiles, leased property renovation, and leased right-of-use assets and the amortization of computer software; and (iv) other expenses, including property management fees, office expenses and local transportation expenses. During the Reporting Period, our selling and marketing expenses reached approximately RMB3,914,000, a YoY increase of approximately 19.4% (approximately RMB3,279,000 in the same period in 2022). Such an increase was primarily due to the increase in wages and salaries which is caused by the addition of personnel who are responsible for digital marketing services in respect of Tiktok channel during the Reporting Period.

FINANCIAL REVIEW (Continued)

Administrative expenses

Administrative expenses predominantly include: (i) employee costs and benefits, principally including administrative employee salaries and training expenses; (ii) legal and professional fees, mainly referring to legal and professional fees incurred in connection with the Group's business operation; (iii) amortization and depreciation, primarily referring to the depreciation of equipment, vehicles, and renovation of our leased properties, and leased right-of-use assets and the amortization of computer software; (iv) research and development ("R&D") costs, principally referring to the salaries of R&D employees of content engine; (v) other taxes, mostly consisting of urban maintenance and construction taxes and stamp taxes; and (vi) other expenses. During the Reporting Period, our general and administrative expenses amounted to approximately RMB11,635,000, a YoY growth of approximately 17.7% (approximately RMB9,884,000 in the same period in 2022). Such an increase was mainly attributable to the increase in printing and translation related expenses for disclosures such as annual report during the Reporting Period.

Provision for impairment loss on trade receivables and other financial assets during the Reporting Period

During the Reporting Period, our provision for impairment loss on trade receivables and other financial assets was approximately RMB18,469,000, representing an increase of approximately 13.1% YoY (approximately RMB16,331,000 in the same period in 2022). Such an increase was primarily due to the fact that significant growth in revenue was accompanied by a rise in trade receivable, leading to an increase in provision for bad debts during the Reporting Period.

Other revenue

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

	As of the six months ended 30 June		
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	Change (+/(-)) %
Government grant	**2,295**	941	143.9
Bank interest income	**398**	881	(54.8)
Additional value added tax input deduction	**1,420**	1,363	4.2
Others	**1**	–	–
Total	**4,114**	3,185	29.2

During the Reporting Period, our other revenue amounted to approximately RMB4,114,000, a YoY increase of approximately 29.2% (approximately RMB3,185,000 in the same period in 2022). The increase in government grants was mainly due to an increase in grants for listed operating teams.

FINANCIAL REVIEW (Continued)

Other gains and losses

During the Reporting Period, our other losses amounted to approximately RMB1,059,000 (Other gains of approximately RMB2,596,000 in 2022). Such a decrease was mainly due to changes in exchange rate of the Company's foreign currency accounts during the Reporting Period.

Finance costs

Financial expenses primarily comprised (i) interest expense on bank borrowings; (ii) interest expense on third-parties' loans; (iii) interest expenses on shareholders' loans; (iv) imputed interest expenses on convertible bonds; and (v) interest expenses on lease liabilities.

During the Reporting Period, our finance costs reached approximately RMB443,000, a YoY decrease of approximately 92.4% (approximately RMB5,859,000 in the same period in 2022). Such decrease was largely attributed to the decrease in interest expenses in connection with (i) the Pre-HKIPO loans entered into between the Company and each of the Pre-HKIPO loan lenders had been matured or redeemed in December 2022 and January 2023; (ii) loan agreement entered into between the Company and one Pre-IPO investor pursuant to the terms under the subscription agreement in January 2022 which has been fully repaid in 2022; and (iii) the three bridging loan agreements entered into between the Company and two independent third parties for the settlement of consideration of business transfer with an aggregate total loan amount of approximately RMB101.3 million in January 2022, and such loans were fully repaid in June 2022. For details, please refer to the Company's prospectus dated 28 October 2022 (the "Prospectus").

Listing expenses

During the Reporting Period, no listing fees incurred by the Group, a YoY decrease of approximately 100.0% (approximately RMB5,240,000 in the same period in 2022).

Profit before income tax

As a result of the above, our profit before income tax as of the six months ended 30 June 2023 stood at approximately RMB23,259,000, a decrease of approximately 7.3% YoY (approximately RMB25,098,000 in the same period in 2022).

Income tax expenses

During the Reporting Period, our income tax expense was approximately RMB2,784,000, a YoY decrease of approximately 50.4% (approximately RMB5,616,000 in the same period in 2022). Such a decrease was largely due to an increased revenue caused by lower gross profits during the Reporting Period, leading to the synchronous increase of corresponding credit impairment provision receivable and deferred income tax expense. The effective tax rate, representing income tax expense divided by profit before tax, was approximately 22.4% and 12.0% for the six months ended 30 June 2022 and 2023, respectively.

FINANCIAL REVIEW (Continued)

Net profit and net profit margin

During the Reporting Period, the Group recorded a net profit for the period ended amounted to RMB20,475,000, a YoY increase of approximately 5.1% (approximately RMB19,482,000 in the same period in 2022), with a net profit margin of 7.1% and 9.8%, respectively. The trend of net profit and net profit margin were mainly due to a growing revenue and a decrease in gross profit margin during the Reporting Period.

Reserves and capital structure

As of the six months ended 30 June 2023, the Group's total equity was RMB565,000,000 (as of the same period ended 31 December 2022: RMB543,347,000), which represented share capital of RMB72,000 (as of the same period ended 31 December 2022: RMB72,000) and reserves of RMB564,000,000 (as of the same period ended 31 December 2022: RMB545,000,000). The increase in total equity was primarily due to the increase of net profit for the year.

LIQUIDITY AND FINANCIAL RESOURCES

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

As of the six months ended 30 June 2023, the Group's total current assets and current liabilities were RMB680,465,000 (as of 31 December 2022: RMB580,990,000) and RMB244,249,000 (as of 31 December 2022: RMB170,833,000), respectively, while the current ratio was 2.8 times (as of 31 December 2022: 3.4 times). The increase in total current assets as at 30 June 2023 was mainly attributable to an increase in ending prepayments, deposits, and other receivables. As at 30 June 2023, the Group had a prepayments, deposits, and other receivables amounting to RMB376,473,000 (as of 31 December 2022: RMB78,794,000).

As at 30 June 2023, the Group had bank borrowings of RMB30,041,000. The Group's gearing ratio (which equals to total debt divided by total capital plus total debt, where total debt includes borrowings, lease liabilities, amounts due to Directors and amounts due to related parties, and capital includes equity attributable to owners of the Company) was approximately 5.6% as at 30 June 2023 (31 December 2022: approximately 11.9%).

CAPITAL EXPENDITURES AND COMMITMENT

Our capital expenditures primarily consist of (i) property, plant and equipment, which primarily consisted of computer equipment, office equipment, automobiles, and leasehold improvement in relation to renovation expenses for our properties; (ii) right-of-use assets, which primarily consisted of our property leases; and (iii) intangible assets, which primarily consisted of copyright licences and purchased software, among others.

The capital expenditure of the Group for the six months ended 30 June 2023 was approximately RMB930,000. The following table sets out our capital expenditures for the period indicated:

	For the six months ended 30 June 2023 RMB'000 (Unaudited)
(1) Fixed assets (including computer equipment, office equipment, automobiles and office leasehold improvement)	125
(2) Right-of-use assets	805
Total	930

For the six months ended 30 June 2023, the Group had a total capital commitment of approximately RMB11,262,000 (30 June 2022: Nil), contracted for but not provided for in the consolidated financial statements in respect of the property, plants, and equipment.

CONTINGENT LIABILITIES

For the six months ended 30 June 2023, we did not have any unrecorded significant contingent liabilities, guarantees, or any litigation against us.

FOREIGN CURRENCY RISK MANAGEMENT

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

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

CREDIT RISK

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

ASSETS PLEDGED

As of 30 June 2023, we did not pledge any of our assets.

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

During the Reporting Period, the Group had no significant investments, material acquisitions, disposals of subsidiaries, associates and joint ventures.

EMPLOYEES

We had a total of 141 employees as at 30 June 2023.

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

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

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

During the Reporting Period, the total staff cost including remuneration, other employee benefits and contributions to retirement schemes for the Directors and other staff of the Group amounted to RMB11,285,000 (the same period in 2022: RMB11,880,000), which remain relatively stable compared with the corresponding period in 2022.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As of 30 June 2023, save for the disclosure made in the Prospectus, the Group did not have any plan for significant investments or capital assets.

USE OF PROCEEDS

The net proceeds from the listing (the "net proceeds"), after deducting the underwriting fees and other related expenses in connection with the listing, was approximately HKD267.30 million. The Company intends to apply the net proceeds in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The following table sets out the utilisation of the net proceeds for the six months ended 30 June 2023.

	Percentage of Net Proceeds	Net Proceeds from Global Offering HKD Million	Utilised Amount as of 30 June 2023 HKD Million	Unutilised Balance as of 30 June 2023 HKD Million	Expected Timeline of Utilisation
Enhancing SaaS interactive marketing platform research and development	14.7%	39.2	6.6	32.6	31 December 2024
Scaling up our IP contents portfolio and expanding our integrated marketing solutions business	31.7%	84.8	81.9	2.9	31 December 2024
Investment in the expansion of our geographical coverage and customer base	16.0%	42.7	41.8	0.9	31 December 2024
Pursuing strategic cooperation, investments, and acquisitions	32.1%	85.8	–	85.8	31 December 2024
Working capital and general corporate use	5.5%	14.8	14.8	–	
Total	100.0%	267.3	145.1	122.2	

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

MAJOR EVENTS AFTER THE REPORTING PERIOD

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

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

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

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules as a basis for corporate governance practices.

During the six months ended 30 June 2023, the Company had complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, except for the following deviation:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive shall be separate and shall not be performed by the same individual. Mr. Liu Jianhui serves as chief executive officer, and also the Chairman of our Company. Our Board believes that assigning one person to serve as both chief executive officer and the Chairman can facilitate the execution of the Group's business strategies and enhance our Group's operation efficiency. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, we believe that the structure of our Board is appropriate and balanced to provide sufficient checks and supervisions to protect the interests of our Company and its shareholders. Our Board will regularly review the strengths and weaknesses of this management structure and will take appropriate measures where necessary in the future, taking into account the nature and extent of our Group's business.

MODEL CODE FOR DIRECTOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as a code of conduct for its Directors to conduct trading of securities. The Company has made specific enquiries to all of its Directors, who have confirmed that they have complied with the standards set out in the Mode Code during the Reporting Period.

No incident of non-compliance of the Model Code by the Directors and relevant employees was noted during the Reporting Period. Our Company continues to ensure compliance with the code of conduct.

CHANGE IN DIRECTORS' PARTICULARS

After the release of the Company's 2022 annual report, Ms. Xiao Huilin was appointed as an independent non-executive director on 15 February 2023. Ms. Huang Tingting resigned as an executive director on 29 March 2023. Mr. Liu Jianhui, Ms. Qu Shuo and Mr. Chen Shancheng were re-elected as executive directors at the annual general meeting on 21 June 2023. Ms. Xiao Huilin was re-elected as an independent non-executive director at the annual general meeting on 21 June 2023.

Ms. Wong Yan Ki, Angel ("Ms. Wong") resigned as an independent non-executive director of Bit Mining Limited (formerly known as 500.com Limited (a company listed on New York Stock Exchange with ticker symbol: BTCM)) on 17 April 2023.

Ms. Xiao Huilin ("Ms. Xiao") was appointed as an independent non-executive director of Jinke Smart Services Group Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 9666)) on 8 June 2023. Currently, she also has been serving an independent director of Hubei Mailyard Share Co. Ltd.* (湖北美爾雅股份有限公司) (600107.SH), an independent director of Kingland Technology Co. Ltd.* (京藍科技股份有限公司) (000711.SZ), and an independent director of Kingfore Energy Group Co. Ltd. (金房能源集團股份有限公司) (001210 SZ).

Save as the above, there has been no disclosable change in information of the Directors and chief executive of the Company pursuant to Rule 13.51B (1) of the Listing Rules since the publication of the 2022 annual report of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023.

AUDIT COMMITTEE

The Company has established an Audit Committee comprising three independent non-executive directors, being Ms. Wong, Ms. Wang Yingbin and Mr. Tian Tao. The Audit Committee is chaired by Ms. Wong, who has appropriate professional qualifications. The Audit Committee has also adopted written terms of reference setting out clearly its duties and responsibilities. The terms of reference are available on the websites of the Company and the Hong Kong Stock Exchange.

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and policies adopted by the Group and discussed the Group's internal control and financial reporting matters (including reviewing the unaudited interim financial information for the six months ended 30 June 2023). The Audit Committee considers that the interim financial information complies with applicable accounting standards, laws, and regulations.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

For the six months ended 30 June 2023, neither the Company nor any of its subsidiaries acquired, redeemed, or sold any of its listed securities.

SUFFICIENT PUBLIC FLOAT

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

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

To the best knowledge of the Company as at 30 June 2023, our Directors or chief executive of the Company have, in the shares, underlying shares, and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), (a) any interests and/or short positions (if applicable) which will be required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), (b) any interests and/or short positions which will be required, pursuant to Section 352 of the SFO, to be entered in the register kept referred to in that section, or (c) any interests and/or short positions which will be required, pursuant to the Model Code, to be notified to the Company and the HKEx. Refer to the table below:

Long positions in shares

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

Notes:

(L) denotes long positions.

1. Calculation is based on a total of 800,000,000 Shares, being the total number of shares issued as at 30 June 2023.

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

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

Long positions in shares (Continued)

Notes: (Continued)

3. The said Shares were held in the name of Xiamen Huli District Dream Future Investment Partnership Enterprise (Limited Partnership) ("Xiamen Dream Future"). Xiamen Huli District Dream Future Investment Partnership Enterprise (Limited Partnership) ("Xiamen Dream Future") is owned as to 90% by Zhangjiajie Lejian Many Idea Network Technology Centre (Limited Partnership) ("ZJJ Many Idea"), 9.9% by Mr. Liu and 0.1% by Ms. Qu. ZJJ Many Idea is owned as to 99% by Mr. Liu and 1% by Ms. Qu. Accordingly, ZJJ Many Idea is deemed to be interested in such number of Shares held by Xiamen Dream Future by virtue of the SFO.

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

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

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

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

Save as disclosed above, to the best knowledge of Directors and chief executive of the Company, as at 30 June 2023, none of Directors or chief executive of the Company has, in the shares, underlying shares and debentures of the Company or its associated corporation, (a) any interests or short positions which will be required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (b) any interests or short positions which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section; or (c) any interests or short positions which will be required, pursuant to the Model Code, to be notified to the Company and the HKEx.

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

As at 30 June 2023, according to records in the register maintained by our Company pursuant to Section 336 of the SFO, the following persons (other than Directors or chief executive of our Company) had, in the shares and underlying shares, any interests or short positions which will be required to be disclosed to our Company and the HKEx pursuant to Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares

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

Notes:

1. Calculation is based on a total of 800,000,000 Shares, being the total number of shares issued as at 30 June 2023.

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

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION SCHEME

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

Purpose of the Scheme

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

Who may join

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

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

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

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

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

SHARE OPTION SCHEME (Continued)

Who may join (Continued)

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

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

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

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

Maximum Number of the Shares Available for Subscription

According to the Share Option Scheme, the maximum number of Shares available for issuance corresponding to all share options is 80,000,000, representing 10% of issued shares of the Company as at the date of this interim report.

As at 30 June 2023, no share options have been granted or agreed to be granted pursuant to the Share Option Scheme, and 800,000,000 share options are still available for future grant.

Maximum Entitlement of Each Participant

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

SHARE OPTION SCHEME (Continued)

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

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

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

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

(ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HKD5 million; such further grant of options must be approved by Shareholders in the general meeting. Our Company must send a circular to the Shareholders, containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a Substantial Shareholder or an INED or any of their respective associates must be approved by the Shareholders in a general meeting.

Subscription Price for the Shares and Consideration for the Option

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

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

SHARE OPTION SCHEME (Continued)

Time of Acceptance and Exercise of Option

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

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

Period of the Share Option Scheme

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

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

No options have been granted or agreed to be granted under the Share Option Scheme as at 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

Six months ended 30 June 2023

	Notes	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	*7*	**287,607**	198,356
Cost of revenue		**(232,942)**	(133,254)
Gross profit		**54,665**	65,102
Other revenue	*8*	**4,114**	3,185
Other gains and losses	*9*	**(1,059)**	(2,596)
Selling and marketing expenses		**(3,914)**	(3,279)
Administrative expenses		**(11,635)**	(9,884)
Provision for impairment loss on trade receivables and other financial assets, net	*11*	**(18,469)**	(16,331)
Finance costs	*10*	**(443)**	(5,859)
Listing expenses	*11*	**–**	(5,240)
Profit before income tax expense	*11*	**23,259**	25,098
Income tax expense	*15*	**(2,784)**	(5,616)
Profit for the year		**20,475**	19,482
Profit for the year attributable to:			
Owners of the Company		**20,493**	19,495
Equity attributable to non-controlling interests		**(18)**	(13)
		20,475	19,482
Profit for the year		**20,475**	19,482
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Fair value changes on financial assets at fair value through other comprehensive income		**–**	–
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**20,475**	19,482
Total comprehensive income for the year attributable to:			
Owners of the Company		**20,493**	19,495
Equity attributable to non-controlling interests		**(18)**	(13)
		20,475	19,482
Earnings per share attributable to the ordinary shareholder of the Company (RMB)			
– Basic and diluted	*17*	**0.026**	0.031

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**30 June 2023 RMB'000 (Unaudited)**	31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*18*	**1,317**	1,531
Right-of-use assets	*19*	**2,971**	4,411
Intangible assets	*20*	**98,633**	106,134
Financial assets at fair value through other comprehensive income		**10**	–
Deferred tax assets	*28*	**12,975**	9,836
Prepayments, deposits and other receivables	*23*	**13,650**	13,650
Total non-current assets		**129,556**	135,562
Current assets			
Trade receivables	*22*	**167,071**	155,577
Prepayments, deposits and other receivables	*23*	**376,473**	78,794
Contract costs	*24*	**165**	41
Other financial assets	*21*	**17,390**	17,390
Cash and cash equivalents	*27*	**119,366**	329,188
Total current assets		**680,465**	580,990
Total assets		**810,021**	716,552
Current liabilities			
Trade payables	*29*	**27,363**	22,585
Other payables and accruals	*30*	**22,936**	19,594
Contract liabilities	*32*	**128,270**	28,179
Borrowings	*31*	**30,041**	32,052
Lease liabilities	*19*	**2,868**	3,159
Amounts due to directors	*25*	**–**	–
Payables to related parties	*26*	**–**	–
Convertible bonds – liability component	*33*	**–**	37,187
Convertible bonds – conversion option derivative	*33*	**–**	–
Income tax payable		**32,771**	28,077
Total current liabilities		**244,249**	170,833
Net current assets		**436,216**	410,157
Total assets less current liabilities		**565,772**	545,719

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities	*19*	**437**	859
Total non-current liabilities		**437**	859
Net assets		**565,335**	544,860
Equity attributable to owners of the Company			
Share capital	*34*	**72**	72
Reserves	*35*	**563,768**	543,275
		563,840	543,347
Equity attributable to non-controlling interests		**1,495**	1,513
Total equity		**565,335**	544,860

The consolidated financial statements on pages 28 to 34 will be approved and authorised for issue by the Board of Directors on 25 August 2023 and will be signed on its behalf by:

Mr. Liu Jianhui
Executive Director

Mr. Chen Shancheng
Executive Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2023

	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Merger Reserve RMB'000	FVTOCI Reserve RMB'000	Foreign Exchange Reserve RMB'000	Retained Earnings RMB'000	Attributable to Owners of the Company RMB'000	Non-controlling Interests RMB'000	Total Equity RMB'000
(Unaudited)										
As at 1 January 2023	72	323,582	4,457	139,821	–	–	75,415	543,347	1,513	544,860
Profit for the year	–	–	–	–	–	–	20,493	20,493	(18)	20,475
Fair value changes of financial assets at fair value through other comprehensive income included in the total comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	20,493	20,493	(18)	20,475
Transfer from retained earnings to statutory reserve	–	–	710	–	–	–	(710)	–	–	–
Issue of shares *(Note 34(ii))*									–	–
Deemed distributions from shareholders *(Note i)*	–	–	–	–	–	–	–	–	–	–
Issuance of new shares upon listing *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Capitalisation issue *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Expenses of issuance of new shares after listing	–	–	–	–	–	–	–	–	–	–
As at 30 June 2023	72	323,582	5,167	139,821	–	–	95,198	563,840	1,495	565,335
(Unaudited)										
As at 1 January 2022	3	–	1,483	139,821	–	–	10,665	151,972	1,537	153,509
Profit for the year	–	–	–	–	–	–	19,495	19,495	(13)	19,482
Fair value changes of financial assets at fair value through other comprehensive income included in the total comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	19,495	19,495	(13)	19,482
Transfer from retained earnings to statutory reserve	–	–	1,860	–	–	–	(1,860)	–	–	–
Issue of shares *(Note 34(ii))*	1	69,720	–	–	–	–	–	69,721	–	69,721
Deemed distributions from shareholders *(Note i)*	–	1,029	–	–	–	–	–	1,029	–	1,029
Issuance of new shares upon listing *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Capitalisation issue *(Note 34(i))*	–	–	–	–	–	–	–	–	–	–
Expenses of issuance of new shares after listing	–	–	–	–	–	–	–	–	–	–
As at 30 June 2022	4	70,749	3,343	139,821	–	–	28,300	242,217	1,524	243,741

Notes:

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

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Six months ended 30 June 2023

	Notes	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before income tax expense		**23,259**	25,098
Adjustments for:			
Depreciation of property, plant and equipment	*11*	**339**	320
Depreciation of right-of-use assets	*11*	**1,440**	1,438
Amortisation of intangible assets	*11*	**7,501**	6,116
Gain on early termination of lease	*8*	**–**	–
Finance costs	*10*	**443**	5,859
Interest income	*8*	**(398)**	(881)
Provision for impairment loss recognised on trade receivables and other financial assets, net	*11*	**18,469**	16,331
Gain on written-back of trade payables	*9*	**–**	–
Gain on fair value changes of conversion option derivative	*9*	**–**	–
Loss on de-recognition of convertible bonds	*9*	**–**	–
Effect of foreign exchange rate changes		**1,059**	3,335
Operating profits before working capital changes		**52,112**	57,616
Increase in trade receivables		**(29,963)**	(40,184)
Increase in prepayments, deposits and other receivables		**(297,679)**	(9,930)
Decrease/(increase) in contract costs		**(124)**	25
Increase in trade payables		**4,778**	32,181
Increase in other payables and accruals		**3,342**	(2,428)
Increase in contract liabilities		**100,091**	(4,848)
Cash generated from operations		**(167,443)**	32,432
Income tax paid		**(1,229)**	(11,862)
Net cash generated from operating activities		**(168,672)**	20,570
Cash flows from investing activities			
Purchases of property, plant and equipment		**(125)**	(151)
Prepayment of property, plant and equipment		**–**	–
Acquisition of other financial assets		**–**	–
Investment in financial assets at fair value through other comprehensive income		**(10)**	–
Purchases of intangible assets		**–**	(8,491)
Decrease in short-term deposits		**–**	–
Interest received		**398**	881
Net cash (used in)/generated from investing activities		**263**	(7,761)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Six months ended 30 June 2023

	Notes	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from financing activities			
Proceeds from bank borrowings	*42*	30,000	22,000
Repayment of bank borrowings	*42*	(32,000)	–
Proceeds from loan from third parties	*42*	–	101,320
Repayment of loan from third parties	*42*	–	(101,320)
Proceeds from loan from a shareholder	*42*	–	19,050
Repayment of loan from a shareholder	*42*	–	–
Proceeds from issuance of convertible bonds	*42*	–	43,593
Repayment of convertible bonds	*42*	(33,813)	–
Repayment of principal portion of the lease liabilities	*42*	(713)	(577)
Payment of share issuance costs		–	–
Advances from a director	*42*	–	2
Repayment to a director	*42*	–	–
Capital contributions from a beneficial shareholder to a subsidiary		–	–
Settlement of consideration arise from business transfer	*42*	–	(130,293)
Proceeds from issue of new ordinary shares		–	69,721
Interest paid	*42*	(3,828)	(1,034)
Net cash generated from/(used in) financing activities		(40,354)	22,458
Net increase in cash and cash equivalents		(208,763)	35,267
Cash and cash equivalents at the beginning of year		329,188	50,187
Effect of foreign exchange rate changes on cash and cash equivalents		(1,059)	(114)
Cash and cash equivalents at the end of year		119,366	85,340
Analysis of the balances of cash and cash equivalents:			
Cash and bank balances		119,366	85,340

NOTES TO INTERIM FINANCIAL INFORMATION

30 June 2023

1. GENERAL INFORMATION

(a) General information

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

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

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

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

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

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Definition of Accounting Estimates
Amendments to HKAS 8	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Disclosure of Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendments to HKAS 1, Non-current Liabilities with Covenants

The amendments clarify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements. The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the consolidated financial statements.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries

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

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights.

In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant and equipment

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

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

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

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

Owned Assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Intangible assets (other than goodwill)

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(ii) Subsequent expenditure

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

(iii) Derecognition of intangible assets

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

(iv) Impairment of intangible assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments

(i) Financial asset

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

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

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

Debt instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(i) Financial asset (Continued)

Debt instruments (Continued)

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

Equity instruments

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

(ii) Impairment loss on financial assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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

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

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

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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

(iii) Financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

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

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

(iv) Convertible bonds

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(iv) Convertible bonds (Continued)

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

(v) Effective interest method

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

(vi) Equity instrument

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

(vii) Financial guarantee contracts

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial instruments (Continued)

(viii) Derecognition

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

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

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

(f) Leases

The Group as lessee

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as lessee (Continued)

Right-of-use assets

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as lessee (Continued)

Lease liabilities

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

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

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Leases (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

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

(g) Foreign currencies

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Foreign currencies (Continued)

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

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

(h) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution retirement plan

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

(iii) Termination benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition (Continued)

(i) Revenue from content marketing services

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

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

(ii) Revenue from digital marketing services

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

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

(iii) Revenue from public relations event planning services

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

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

(iv) Revenue from media advertising services

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition (Continued)

(v) Revenue from SaaS interactive marketing services

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

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

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

(vi) Interest income

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

Contractual assets and liabilities

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Revenue recognition (Continued)

(vi) Interest income (Continued)

Contract costs

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

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

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

(c) the costs are expected to be recovered.

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

(j) Government grants

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Income taxes

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions and contingent liabilities

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Cash and cash equivalents

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

(o) Related parties

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

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

   (ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Related parties (Continued)

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

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

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

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

(p) Research and development costs

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

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(a) Critical judgements in applying accounting policies

(i) Determination of functional currency

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

(b) Key sources of estimation uncertainty

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

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

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

(b) Key sources of estimation uncertainty (Continued)

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

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

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

(iii) Fair value of convertible bonds

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

(iv) Estimated incremental borrowing rate for leases

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

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

(b) Key sources of estimation uncertainty (Continued)

(v) Income tax and deferred tax

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

(vi) Useful lives of intangible assets

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

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

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

6. SEGMENT INFORMATION

Operating segments

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

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

Geographical information

Substantially all of the Group's revenues from external customers during the years ended 30 June 2023 and the six months ended 30 June 2022 were attributed to the PRC, and the related activities of the Group that generated the relevant revenue were conducted in the PRC.

The geographical location of non-current assets (excluding deferred tax assets and financial assets) is based on the physical location of the assets. For the years ended 30 June 2023 and the six months ended 30 June 2022, all of the Group's non-current assets (excluding deferred tax assets and financial assets) are located in the PRC.

Information about major customers

As at 30 June 2023 and the six months ended 30 June 2022, the Group's customers accounting for 10% or more of its total revenue are as follows:

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A	**48,985**	N/A
Customer B	**35,546**	N/A
Customer C	**33,392**	N/A
Customer D	**N/A**	23,617
Customer E	**N/A**	20,314

7. REVENUE

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

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Integrated Marketing Services		
– Content marketing services	**130,142**	102,617
– Digital marketing services	**91,896**	47,713
– Public relations event planning services	**7,825**	5,659
– Media advertising services	**37,250**	25,779
	267,113	181,768
SaaS Interactive Marketing Services	**20,494**	16,588
	287,607	198,356
Timing of revenue recognition		
At a point in time	**9,700**	14,935
Transferred over time	**277,907**	183,421

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

8. OTHER REVENUE

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants *(Note i)*	**2,295**	941
Bank interest income	**398**	881
Interest income on other financial assets	**–**	–
Additional value-added tax ("VAT") input deduction *(Note ii)*	**1,420**	1,363
Gain on early termination of lease	**–**	–
Others	**1**	–
	4,114	3,185

Notes:

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

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

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

(ii) Additional VAT input deductions were recognised in profit or loss due to the VAT reform. In accordance with VAT Reformation Article No. 39, the Group is eligible for VAT credits of 10% weighted VAT input deduction from 1 April 2019 to 31 December 2022 upon meeting all applicable criteria; According to Announcement No. 1 [2023] of the Ministry of Finance and the State Taxation Administration, the Group is eligible for VAT credit with a weighted deduction of 5% on VAT input from 1 January 2023 to 31 December 2023.

9. OTHER GAINS AND LOSSES

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net exchange losses	**(1,059)**	(3,356)
Gain on fair value changes on convertible bond – conversion option derivative *(Note 33)*	**–**	760
	(1,059)	(2,596)

10. FINANCE COSTS

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	**845**	141
Interest expenses on loan from third parties	**–**	758
Interest expenses on loan from a shareholder	**–**	1,461
Imputed interest expenses on convertible bonds *(Note 33)*	**(645)**	3,335
Interest expenses on lease liabilities *(Note 19)*	**92**	164
Others	**151**	–
	443	5,859

11. PROFIT BEFORE INCOME TAX EXPENSE

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

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	**–**	–
Amortisation of intangible assets included in *(Note 20)*:		
– Administrative expenses	**19**	14
– Cost of revenue	**6,336**	5,575
– Selling and marketing expenses	**41**	31
– Research and development costs	**1,105**	495
	7,501	6,115
Cost of revenue *(Note)*	**232,942**	133,254
Cost of inventories recognised as expenses	**1,668**	2,459
Depreciation charged:		
– Property, plant and equipment *(Note 18)*	**339**	320
– Right-of-use assets *(Note 19)*	**1,440**	1,439
Employee costs *(Note 12)*	**11,285**	11,880
Listing expenses	**–**	5,240
Provision of impairment loss recognised on trade receivables, net *(Note 22)*	**18,469**	16,331
Provision of impairment loss recognised on other financial assets *(Note 21)*	**–**	–
	18,469	16,331
Research costs	**3,941**	4,783
Short-term leases expenses	**818**	619

Note: Cost of revenue includes RMB3,267,000 (2022: RMB3,448,000) of employee costs, RMB759,000 (2022: RMB578,000) of short-term leases expenses, RMB1,668,000 (2022: RMB2,459,000) of costs of inventories recognised as expenses, which are also included in the respective total amounts disclosed above for each of these types of expenses respectively.

12. EMPLOYEE COSTS

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee costs (including directors' emoluments *(Note 14)*) comprise:		
Wages and salaries	**10,265**	10,788
Contributions to retirement benefits scheme	**916**	951
Other employee benefits	**104**	141
	11,285	11,880

13. RETIREMENT BENEFITS SCHEME

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

14. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENT

(i) Directors' remuneration

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

		As of the six months ended 30 June 2023 (Unaudited)			
	Notes	Fees RMB'000	Salaries, Allowances and Benefits in Kind RMB'000	Contributions to Retirement Benefits Scheme RMB'000	Total Emoluments RMB'000
Executive Directors					
Mr. Liu		–	423	58	481
Ms. Qu Shuo		–	390	7	397
Ms. Huang Tingting	*(v)*	–	91	3	94
Mr. Chen Shancheng		–	396	6	402
Mr. Chen Zeming		–	143	6	149
		–	1,443	80	1,523
Independent Non-executive Directors					
Ms. Wang Yingbin	*(i)*	75	–	–	75
Ms. Wong Yan Ki, Angel	*(ii)*	90	–	–	90
Mr. Tian Tao	*(iii)*	75	–	–	75
Ms. Xiao Huilin	*(iv)*	56	–	–	56
		296	–	–	296
		296	1,443	80	1,819

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

(i) Directors' remuneration (Continued)

	Notes	Fees RMB'000	Salaries, Allowances and Benefits in Kind RMB'000	Contributions to Retirement Benefits Scheme RMB'000	Total Emoluments RMB'000
		As of the six months ended 30 June 2022 (Unaudited)			
Executive Directors					
Mr. Liu		–	423	58	481
Ms. Qu Shuo		–	300	7	307
Ms. Huang Tingting	*(v)*	–	296	6	302
Mr. Chen Shancheng		–	395	6	401
Mr. Chen Zeming		–	149	6	155
		–	1,563	83	1,646
Independent Non-executive Directors					
Ms. Wang Yingbin	*(i)*	–	–	–	–
Ms. Wong Yan Ki, Angel	*(ii)*	–	–	–	–
Mr. Tian Tao	*(iii)*	–	–	–	–
Ms. Xiao Huilin	*(iv)*	–	–	–	–
		–	1,563	83	1,646

Notes:

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

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

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

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

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

During the years ended 30 June 2023 and 2022, none of the directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

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

(ii) Five highest paid individuals

The five highest paid individuals of the Group included three directors (2022: four) whose emoluments are reflected in Note 14(i).

The analysis of the emolument of the remaining two highest paid individuals (2022: one) is set out below:

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	**409**	260
Contributions to retirement benefits scheme	**12**	6
	421	266

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

	As of the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Nil to HKD1,000,000	**2**	1

None (2022: none) of the five highest paid individuals waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

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

(iii) Senior management emolument band

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

	As of the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Nil to HKD1,000,000	**3**	3

15. INCOME TAX EXPENSE

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

	As of the six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax (the "PRC EIT")		
For the year	**5,898**	9,692
Under-provision in prior years	**25**	36
Deferred tax *(Note 28)*		
For the year	**(3,139)**	(4,112)
Income tax expense	**2,784**	5,616

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

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

15. INCOME TAX EXPENSE (Continued)

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

According to “Notice of the Ministry of Finance and the State Taxation Administration on Preferential Enterprise Income Tax Policies for Special Economic Development Zones of Kashgar and Khorgos in Xinjiang” (the “Notice” for short), a subsidiary of the Group located in Xinjiang, the PRC was entitled to the exemption from the EIT for 5 years since its operation in 2022. According to the approval from the PRC government, this exemption will end on 31 December 2027.

According to “Announcement of Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China”, a subsidiary of the Group, located in Xinjiang and not subjected to the exemption from the EIT According to the “Notice”, was entitled to a preferential tax rate of 15% since 1 January 2021.

According to “Announcement on the Implementation of Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households”, since 1 January 2022, for certain subsidiaries of the Group located in the PRC, if their annual taxable profits do not exceed RMB1 million, only 12.5% of such amount is taxable at a tax rate of 20%; while if their annual taxable profits do exceed RMB1 million but less than RMB3 million, only 25% of such amount is taxable with a tax rate of 20%. However, if their annual taxable profits do exceed RMB3 million, the whole amount will be taxable at the tax rate of 25%.

According to Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration, small low-profit enterprises with an annual taxable income not exceeding RMB1 million shall be included in the taxable income at a reduced rate of 25% and pay EIT at the rate of 20%.

According to “Notice on Preferential Corporate Income Tax Policy of Hainan Free Trade Port”, a subsidiary of the Group located in Hainan, the PRC was entitled to a preferential tax rate of 15%.

The weighted average applicable tax rate was 11.97% (2022: 22.38%).

16. DIVIDENDS

There were no dividends paid or declared by the Company for the six months ended 30 June 2023 and 2022.

17. EARNINGS PER SHARE

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

	As of the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit for the year attributable to owners of the Company for the purpose of computation of basic earnings and diluted earnings per share (RMB'000)	**20,493**	19,495
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share	**800,000,000**	638,597,088
Basic and diluted earnings per share (RMB)	**0.026**	0.031

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

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

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 30 June 2023 is based on the below:

(a) Weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 30 June 2022 is 637,538,159 (including Capitalisation Issue of 595,244,490, 1 share issued at the date of incorporation of the Company and 42,293,668 ordinary shares issued on 16 November 2021);

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

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

Diluted earnings per share amount was the same as basic earnings per share amount as there were no potential dilutive ordinary shares outstanding for the six months ended 30 June 2023 and 2022.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement RMB'000	Furniture and Equipment RMB'000	Motor Vehicles RMB'000	Total RMB'000
(Unaudited)				
Cost				
As at 1 January 2022	5,762	2,161	1,913	9,836
Additions	–	233	–	233
As at 31 December 2022	5,762	2,394	1,913	10,069
Additions	–	125	–	125
As at 30 June 2023	**5,762**	**2,519**	**1,913**	**10,194**
Accumulated depreciation and impairment				
As at 1 January 2022	5,115	1,737	1,025	7,877
Charged during the year	242	188	231	661
As at 31 December 2022	5,357	1,925	1,256	8,538
Charged during the year	123	101	115	339
As at 30 June 2023	5,480	2,026	1,371	8,877
Net book value				
As at 30 June 2023	**282**	**493**	**542**	**1,317**
As at 31 December 2022	405	469	657	1,531

19. LEASES

Right-of-use assets

	Total RMB'000 (Unaudited)
As at 1 January 2022	7,277
Commencement of lease	13
Depreciation for the year	(2,879)
As at 31 December 2022 and 1 January 2023	4,411
Commencement of lease	**–**
Depreciation for the year	**(1,440)**
As at 30 June 2023	**2,971**

Lease liabilities

	Total RMB'000 (Unaudited)
As at 1 January 2022	6,925
Commencement of lease	13
Interest expenses	273
Lease payments	(3,193)
As at 31 December 2022 and 1 January 2023	4,018
Commencement of lease	**–**
Interest expenses	**92**
Lease payments	**(805)**
As at 30 June 2023	**3,305**

20. INTANGIBLE ASSETS

	Computer RMB'000 (Unaudited)	Software Licenses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Cost			
As at 1 January 2022	71,221	23,321	94,542
Additions			
– Externally acquired	31,682	–	31,682
As at 31 December 2022 and 1 January 2023	102,903	23,321	126,224
Additions			
– Externally acquired	–	–	–
As at 30 June 2023	**102,903**	**23,321**	**126,224**
Accumulated amortisation and impairment			
As at 1 January 2022	4,211	2,721	6,932
Charged during the year	8,494	4,664	13,158
As at 31 December 2022 and 1 January 2023	12,705	7,385	20,090
Charged during the year	5,169	2,332	7,501
As at 30 June 2023	**17,874**	**9,717**	**27,591**
Net book value			
As at 30 June 2023	**85,029**	**13,604**	**98,633**
As at 31 December 2022	90,198	15,936	106,134

The Group's computer software with a carrying amount of RMB85,029,000 (31 December 2022: RMB90,198,000) will be fully amortised in 9.43 years (31 December 2022: 9.92 years).

The Group's licenses with a carrying amount of RMB13,604,000 (31 December 2022: RMB15,936,000) will be fully amortised in 2.92 years (31 December 2022: 3.42 years).

21. OTHER FINANCIAL ASSETS

	As of the six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other financial assets		
Not past due	**17,900**	–
	17,900	–
Less: Provision for impairment loss recognised	**(510)**	–
	17,390	–

As at 30 June 2023, other financial assets include capital-protected fund investment with a fixed interest rate of 5.50% (2022: n/a) per annum, with a one-year lockup period since acquisition.

As of the six months ended 30 June 2023, ECL allowances on other financial assets of RMB0,000 were recognised (2022: nil) in the consolidated statement of profit or loss.

22. TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	**231,261**	201,298
Less: Provision for impairment loss recognised	**(64,190)**	(45,721)
	167,071	155,577

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

22. TRADE RECEIVABLES (Continued)

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
1 to 6 months	116,638	123,725
More than 6 months but less than 12 months	49,589	27,702
More than 1 year but less than 2 years	46,967	37,024
More than 2 years	18,067	12,847
	231,261	201,298

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
At the beginning of the year	45,721	21,387
Provision for impairment loss on trade receivables, net *(Note 11)*	18,469	24,334
	64,190	45,721

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

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)
Current			
Prepayments		**364,739**	70,149
Deposits		**725**	512
Value added tax recoverable		**10,859**	7,222
Interest receivables		**70**	753
Other receivables	*a*	**80**	158
		376,473	78,794
Non-current			
Deposits		**250**	250
Prepayments for property, plant and equipment		**13,400**	13,400
		13,650	13,650
		390,123	92,444

Note:

Prepayments, deposits and other receivables were primarily denominated in RMB and their carrying amounts approximated to their fair values due to their short maturity at the reporting date. For the six months ended 30 June 2023 and the year ended 31 December 2022, there was no provision for impairment on deposits and other receivables.

(a) Other receivables as at 30 June 2023 and 31 December 2022 related to counterparties without a recent history of default and past due amounts, and the loss allowance was assessed by management to be minimal. These balances are non-interest bearing and are expected to be realised upon their respective maturity dates.

24. CONTRACT COSTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contract costs	165	41

Contract costs capitalised as at 30 June 2023 and 31 December 2022 are related to costs to fulfil contracts, resulting from customers entering into service agreements with the Group. Contract costs are recognised as part of the "cost of revenue" in the profit or loss in the period in which revenue from the services is recognised. The balance of capitalised contract costs is expected to be realised within one year.

25. AMOUNT DUE TO A DIRECTOR

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

26. AMOUNTS DUE TO RELATED PARTIES

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

27. CASH AND CASH EQUIVALENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash and bank balances	119,366	329,188

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

28. DEFERRED TAX ASSETS

	Allowance for Expected Credit Loss RMB'000	Total RMB'000
(Audited)		
As at 1 January 2022	4,881	4,881
Credited to profit or loss for the year *(Note 15)*	4,955	4,955
On 31 December 2022 and 1 January 2023	9,836	9,836
(Unaudited)		
Credited to profit or loss for the year *(Note 15)*	3,139	3,139
On 30 June 2023	**12,975**	**12,975**

(a) The unused tax losses carried forward not recognised in the consolidated financial statements due to the unpredictability of future profit streams are as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Unused tax losses	**6,904**	3,208

Tax losses in the PRC can only be carried forward for a maximum period of five years. The expiry of unused tax losses for which no deferred tax assets have been recognised is as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Tax losses will expire in 2022	**–**	–
Tax losses will expire in 2023	**1**	1
Tax losses will expire in 2024	**4**	4
Tax losses will expire in 2025	**5**	5
Tax losses will expire in 2026	**308**	308
Tax losses will expire in 2027	**2,768**	2,890
Tax losses will expire in 2028	**3,818**	–
	6,904	3,208

28. DEFERRED TAX ASSETS (Continued)

(b) PRC withholding income tax is applicable to interest and dividends payable to investors that are "non-tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but have no relevant income effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to off-shore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. For the Group, the applicable tax rate is 10%. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB149,689,000 (31 December 2022: RMB128,597,000).

The Board of Directors of the Company affirms that the undistributed earnings of the PRC subsidiaries as of 30 June 2023 and 31 December 2022 will be reserved for the expansion of operations. Consequently, the Group has not provided for the deferred tax liabilities in respect of withholding tax on the remaining undistributed earnings of the Group's PRC entities as the Group is capable of controlling the timing of the reversal of such temporary difference, and it is highly likely that such temporary difference would not be reversed in the foreseeable future.

29. TRADE PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables *(Note (a))*	**27,363**	22,585

Note:

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	**26,247**	16,423
More than 6 months but less than 12 months	**237**	400
More than 1 year but less than 2 years	**216**	5,100
More than 2 years	**663**	662
	27,363	22,585

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

30. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Accrued salaries	2,284	2,863
Accrued expenses	3,695	2,156
Accrued listing expenses	–	1,553
Other tax payables	16,957	13,022
	22,936	19,594

Other payables and accruals are non-interest bearing and are expected to be realised within twelve months from the end of the reporting period.

31. BORROWINGS

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Current			
Bank loans, secured	*a*	–	17,031
Bank loans, unsecured	*b*	30,041	15,021
		30,041	32,052
Effective interest rate per annum		4.50%-5.05%	4.5%-6.2%

Notes:

(a) The bank loans are secured by a corporate guarantee given by a subsidiary of the Company, Xiamen Instant Interactive Co., Ltd. and certain trade receivables of the Group and are denominated in RMB.

(b) The bank loan is unsecured and denominated in RMB.

31. BORROWINGS (Continued)

At the end of the reporting period, total current borrowings are scheduled to be repaid as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
On demand or within one year	30,041	32,052

32. CONTRACT LIABILITIES

The contract liabilities mainly relate to the advance consideration received from customers. The following table shows the amounts of revenue recognised during the year that were included in the contract liabilities at the beginning of the reporting period:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Revenue recognised that was included in contract liabilities at the beginning of the year	22,091	15,465

Movement in contract liabilities:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
At the beginning of the year	(28,179)	(15,493)
Revenue recognised that was included in contract liabilities at the beginning of the year	22,091	15,465
Increase due to cash received, including amounts recognised as revenue during the year	(191,823)	(129,636)
Revenue recognised that was not included in contract liabilities at the beginning of the year	69,641	101,485
At the end of the year	(128,270)	(28,179)

33. CONVERTIBLE BONDS

As at 30 June 2023, the Company issued convertible bond 1 ("CB 1"), convertible bond 2 ("CB 2"), convertible bond 3 ("CB 3") and convertible bond 4 ("CB 4").

CB 1

On 26 January 2022, the Company issued 8% convertible bonds with an aggregate principal amount of USD5,000,000 (equivalent to approximately RMB31,750,000). Each bond entitles the holder to convert them into the Company's ordinary share at a conversion price of USD4.4569 per share, which is subject to adjustment on the capitalisation issue of the Company. The Company fully repaid the principal amount and interest in January 2023.

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

CB 2

On 26 January 2022, the Company issued 8% convertible bonds with an aggregate principal amount of USD 1,000,000 (equivalent to approximately RMB6,350,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of USD 4.4569 per share (subject to adjustment on capitalisation issue of the Company) and matured on 25 January 2023.

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

The CB 2 was early redeemed on 15 November 2022.

CB 3

On 24 January 2022, the Company issued 8% convertible bonds with an aggregate principal amount of USD 600,000 (equivalent to approximately RMB3,810,000). Each bond entitles the holder to convert them into Company's ordinary share at a conversion price of USD 4.4682 per share (subject to adjustment on capitalisation issue of the Company) and matured on 23 January 2023.

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

The CB 3 was early redeemed on 16 November 2022.

33. CONVERTIBLE BONDS (Continued)

CB 4

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

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

The CB 4 was early redeemed on 24 November 2022.

CB 1, CB 2, CB 3 and CB 4 ("All CBs")

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

In the event that the Pre-listing Conversion Event does not take place and the Listing becomes unconditional ("Post-Listing Conversion Event"), together with the Pre-Listing Conversion Event, which is called the ("Conversion Event"). The holders of All CBs can convert the whole of the principal amount of the CBs into shares of the Company at the corresponding conversion prices.

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

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

33. CONVERTIBLE BONDS (Continued)

CB 1, CB 2, CB 3 and CB 4 ("All CBs") (Continued)

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

	Liability Component RMB'000	Conversion Option Derivative RMB'000	Total RMB'000
(Audited)			
As at 1 January 2022	–	–	–
Convertible bonds issued	40,511	3,841	44,352
Imputed interests *(Note 10)*	6,689	–	6,689
Gain on fair value changes on convertible bond – conversion option derivative *(Note 9)*	–	(3,841)	(3,841)
De-recognition of convertible bonds on early redemption	(13,996)	–	(13,996)
Loss on de-recognition of convertible bonds *(Note 9)*	230	–	230
Interest paid	(898)	–	(898)
Exchange difference	4,651	–	4,651
On 31 December 2022 and 1 January 2023	37,187	–	37,187
(Unaudited)			
Convertible bonds issued	–	–	–
Imputed interests *(Note 10)*	(645)	–	(645)
Gain on fair value changes on convertible bond – conversion option derivative *(Note 9)*	–	–	–
De-recognition of convertible bonds on early redemption	(33,813)	–	(33,813)
Loss on de-recognition of convertible bonds *(Note 9)*	–	–	–
Interest paid	(2,729)	–	(2,729)
Exchange difference	–	–	–
As at 30 June 2023	–	–	–

Further details on the Group's fair value measurement are set out in Note 40(f).

34. SHARE CAPITAL

	Number	Amount HKD'000	Amount RMB'000
Ordinary shares of par value of HKD 0.0001 each			
Authorised			
31 December 2021 and 1 January 2022 *(Note (i))*	3,900,000,000	390	337
Increase in authorised share capital *(Note (iv))*	6,100,000,000	610	550
On 31 December 2022 and 1 January 2023	10,000,000,000	1,000	887
Increase in authorised share capital	–	–	–
On 30 June 2023	**10,000,000,000**	**1,000**	**887**
Issued and fully paid			
As at 31 December 2021 and 1 January 2022	42,293,669	4	3
Issue of shares *(Note (ii))*	2,461,841	*	1
Issuance of shares upon listing *(Note (iii))*	160,000,000	16	14
Issuance shares for Capitalisation Issue *(Note (iii))*	595,244,490	60	54
On 31 December 2022 and 1 January 2023	800,000,000	80	72
Issue of shares	–	–	–
Issuance shares for Capitalisation Issue	–	–	–
On 30 June 2023	**800,000,000**	**80**	**72**

* Represents amount less than HKD 1,000

Notes:

(i) The Company was incorporated in the Cayman Islands under the *Companies Act* as an exempted company with limited liability on 10 June 2021 with authorised share capital of HKD 390,000 divided into 3,900,000,000 shares of HKD 0.0001 each. On the date of incorporation, 1 ordinary share of HKD 0.0001 was allotted and issued at par by the Company.

(ii) Pursuant to the resolution of the shareholders, the Company allotted and issued 42,293,668 and 2,461,841 ordinary shares of HKD0.0001 each at par and at USD4.47 (equivalent to approximately RMB28.37), respectively on 16 November 2021 and 24 January 2022.

34. SHARE CAPITAL (Continued)

Notes: (Continued)

(iii) In connection with the Company's issuance of new shares upon Listing, the Company allotted and issued 160,000,000 shares of HKD0.0001 each at a price of HKD1.96 per share on 9 November 2022 as a result of the completion of Listing. The gross proceeds from the issuance of new shares of approximately RMB282,632,000 (equivalent to approximately HKD313,600,000), of which approximately RMB14,000 (equivalent to approximately HKD16,000) was credited to the Company's share capital, and the remaining balance of approximately RMB282,618,000 (equivalent to approximately HKD313,584,000) before deduction of share issuance expenses, was credited to share premium account. The share premium account can be used for the deduction of share issuance expenses. After the share premium account of the Company was credited as a result of the issuance of new shares upon listing, RMB54,000 (equivalent to approximately HKD60,000) was capitalised from the share premium account and applied in paying up in full at par 595,244,490 new shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 9 November 2022 in proportion to their respective shareholdings ("Capitalisation Issue").

(iv) On 12 October 2022, the authorised share capital of the Company was increased from HKD390,000 divided into 3,900,000,000 shares to HKD1,000,000 divided into 10,000,000,000 shares by the creation of additional 6,100,000,000 shares which rank pari passu in all respects.

35. RESERVES

(a) The Group

Details of the movements in the reserves of the Group during the reporting period are set out in the consolidated statement of changes in equity.

(b) The Company

	Share Premium RMB'000 (Unaudited)	Accumulated Losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As at 1 January 2023	**323,582**	**(33,886)**	**289,696**
Loss for the year	**–**	**(1,781)**	**(1,781)**
As at 30 June 2023	**323,582**	**(35,667)**	**287,915**
As at 1 January 2022	–	–	–
Issue of shares	69,720	–	69,720
Deemed capital contribution	1,029	–	1,029
Loss for the year	–	(8,587)	(8,587)
As at 30 June 2022	70,749	(8,587)	62,162

35. RESERVES (Continued)

(c) The following describes the nature and purpose of each reserve within owners' equity:

Reserves	Description and Purpose
Share premium	Share premium represents consideration received in excess of the nominal value of the Company's share and deemed capital contribution from shareholders.
Statutory Reserve	In accordance with the relevant PRC laws and regulations and articles of association, the PRC subsidiaries are required to transfer 10% of their net profit as determined in accordance with accounting rules and regulations to the statutory reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity shareholders. This reserve can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than in the event of liquidation.
Merger Reserve	It represents the difference between the nominal value of shares issued by the Company and the aggregate fully paid registered capital of PRC subsidiaries acquired pursuant to the Group Reorganisation and additional capital contribution from controlling shareholders.
FVTOCI reserve (non-recycling)	The balance represents the fair value reserve comprising the cumulative net change in the fair value of equity investment designated at FVTOCI under HKFRS 9 that is held at the end of the reporting period.
Retained earnings/(accumulated losses)	The balance represents cumulative net profit and loss recognised in profit and loss.

36. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Interests in Subsidiaries		–	–*
Amounts Due from Subsidiaries		259,146	298,266
Prepayments, deposits and other receivables		5	–
Prepayments for property, plant and equipment		13,400	13,400
Total non-current assets		272,551	311,666
Current assets			
Other financial assets		17,390	17,390
Other receivables		70	70
Cash and cash equivalents		819	404
Total current assets		18,279	17,864
Total assets		290,830	329,530
Current liabilities			
Convertible bonds – liability component		–	37,187
Convertible bonds – conversion option derivative		–	–
Other payables and accruals		2,843	2,576
Total current liabilities		2,843	39,763
Net current liabilities		15,436	(21,899)
Total assets minus total current liabilities		287,987	289,767
Net assets		287,987	289,767
Owners' Interests of the Company			
Share capital	*34*	72	72
Reserves	*35*	287,915	289,695
Total equity		287,987	289,767

* Refers to the amount less than RMB1,000

Mr. Liu Jianhui
Executive Director

Mr. Chen Shancheng
Executive Director

37. DETAILS OF MAJOR SUBSIDIARIES

Name of Subsidiary	Registration, Place and Date of Establishment, and Form of Business Structure	Percentage of the Company's Stock Rights 2023 Direct	2023 Indirect	2022 Direct	2022 Indirect	Issued and Fully Paid Ordinary Share Capital or Registered Capital	Principal Business and Principal Place of Business
Many Idea Interactive Limited (Many Idea BVI)	British Virgin Islands (BVI), 9 July 2021	-	100%	–	100%	Issued and paid share capital: USD1	Investment holding, the British Virgin Islands
Many Idea Interactive Technology (Hong Kong) Limited (Many Idea Hong Kong)	Hong Kong, 26 July 2021, limited liability company	-	100%	–	100%	Issued and paid share capital HKD1	Investment holding, Hong Kong
Xiamen Many Idea Interactive Cloud Technology Co., Ltd.* (Xiamen Many Idea Cloud)	China, 26 November 2021, limited liability company	-	100%	–	100%	Registered capital: RMB200,000,000	Investment holding, China
Xiamen Instant Interactive Culture Communication Co., Ltd. (Xiamen Instant Interactive)	China, 11 May 2021, limited liability company	-	100%	–	100%	Registered capital: RMB300,000,000	Provide content marketing service, digital marketing service, public relations activity planning service, and media advertising service in China
Beijing Many Idea Cloud Technology Co., Ltd.* (Beijing Many Idea Cloud)	China, 24 November 2021, limited liability company	-	99%	–	99%	Registered capital: RMB1,000,000	Investment holding, China
Shanghai Senyu Advertising Co., Ltd.* (Shanghai Senyu)	China, 12 December 2012, limited liability company	-	100%	–	100%	Registered capital: RMB30,000,000	Inactive
Jiangxi Meita Culture Communication Co., Ltd.* (Jiangxi Meita)	China, 6 June 2016, limited liability company	-	100%	–	100%	Registered capital and paid share capital: RMB15,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Xiamen Second Future Technology Co., Ltd.* (Xiamen Second Future)	China, 14 July 2016, limited liability company	-	100%	–	100%	Registered capital: RMB150,000,000	Provide content marketing service, digital marketing service, public relations event planning service, media advertising service, and SaaS interactive marketing service in China

37. DETAILS OF MAJOR SUBSIDIARIES (Continued)

Name of Subsidiary	Registration, Place and Date of Establishment, and Form of Business Structure	Percentage of the Company's Stock Rights				Issued and Fully Paid Ordinary Share Capital or Registered Capital	Principal Business and Principal Place of Business
		2023		2022			
		Direct	Indirect	Direct	Indirect		
Xinjiang Kashi Lianjie Culture Communication Co., Ltd.* (Xinjiang Kashi)	China, 5 April 2016, limited liability company	-	100%	–	100%	Registered capital and paid share capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Quanzhou Many Idea Interactive Culture Communication Co., Ltd.* (Quanzhou Many Idea)	China, 2 July 2018, limited liability company	-	100%	–	100%	Registered capital and paid share capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Hainan Many Idea Future Culture Communication Co., Ltd.* (Hainan Many Idea)	China, 19 March 2021, limited liability company	-	100%	–	100%	Registered capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Xinjiang Many Idea Cloud Culture Communication Co., Ltd.* (Xinjiang Many Idea Cloud)	China, 9 May 2022, limited liability company	-	100%	–	100%	Registered capital: RMB5,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China
Xiamen Kanhao Network Technology Co., Ltd.* (Xiamen Kanhao)	China, 27 March 2023, limited liability company	-	100%	–	–	Registered capital: RMB10,000,000	Provide content marketing service, digital marketing service, public relations event planning service, and media advertising service in China

* The English name of the subsidiary is a literal translation of its corresponding official Chinese name.

38. DEEMED DISTRIBUTION OF ASSETS TO AND ASSUMPTION OF LIABILITIES BY CONTROLLING SHAREHOLDERS

Pursuant to the business transfer agreement entered into between Xiamen Many Idea and Beijing Many Idea (collectively referred to as the "Transferor") and Xiamen Instant Interactive (as the "Transferee") on 30 November 2021, as part of the Group Reorganisation (the "Business Transfer"), the integrated marketing services business (including content marketing, digital marketing, public relations event planning and media advertising) and SaaS interactive marketing services business previously carried on by the Transferor was transferred to Transferee at a consideration of RMB370,000,000 and the transfer was completed on 1 December 2021. The designated assets and liabilities of the Transferor set out below were not transferred to Transferee as at 1 December 2021 and were treated as a deemed distribution of assets and assumption of liabilities to/by controlling shareholders in connection with the Group Reorganisation.

	RMB'000
Distribution of Assets to and Assumptions of Liabilities by Controlling Shareholders:	
Financial Assets at FVTOCI	62,558
Prepayments, deposits and other receivables	2,791
Income tax payable	(12,463)
Other payables and accruals	(53)
Amounts Due to Investees	(2,200)
Borrowings	(52,210)
	(1,577)

39. RELATED PARTY DISCLOSURES

(a) Compensation of Key Management Personnel

The key management personnel of the Group represent directors and other senior management of the Group. Details of the remuneration paid to them during the six months ended on 30 June 2023 and the six months ended on 30 June 2022 are set out in Note 14 to the consolidated financial statements.

(b) Balances with related parties:

Details of the Group's amounts due to directors and related parties are included in Notes 25 and 26.

40. FINANCIAL RISK MANAGEMENT

The Group's main financial assets include financial assets measured at fair value with other comprehensive income, trade receivables, margins and other receivables, dues from related parties, short-term bank deposits, and cash and cash equivalents generated directly from its operations. The Group's main financial liabilities include trade payables, other payables and accrued expenses, borrowings, lease liabilities, dues to directors, dues to related parties, dues to investees, and convertible bonds. The primary purpose of these financial liabilities is to provide funds for the operations of the Group.

At the end of the reporting period, the Group did not issue or hold any financial instruments for trading. The main risks arising from the Group's financial instruments are credit risks, liquidity risks, interest rate risks, and foreign currency risks. In general, the Group adopts a conservative strategy for its risk management. The Group must keep its exposure to market risks at the lowest possible level.

(a) Credit risk

Credit risk is the risk that a counterparty fails to fulfil its obligations under financial instruments or client contracts, resulting in financial losses. The Group is responsible for taking credit risks from its business activities (mainly trade receivables) and bank deposits.

The Group's clients primarily consist of reputable companies, which is why the credit risk is considered to be relatively low. Due to the Group's continuous credit assessment of its debtors' financial conditions and close monitoring of the age of the balance of receivables, the credit risk associated with other receivables is extremely low. The Group follows up overdue balances. Additionally, the management individually and collectively reviews the recoverable amount of its receivables on each reporting date to ensure sufficient impairment losses for any amounts that are deemed irrecoverable. Throughout the reporting period, the Group has consistently adhered to its credit policy and is considered to have effectively limited the credit risk it should take to an optimal level.

The Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables from transactions that is within the scope of HKFRS 15. Management has assessed the risk of counterparty default and Note 22 details provision for losses recognised during the reporting period.

40. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

To measure the expected credit losses, trade receivables were grouped based on shared credit risk characteristics and the days past due. The provision is determined as follows:

	Not Yet Past Due	Less than 6 Months Past Due	Over 6 Months but Less Than 12 Months Past Due	Over 12 Months but Less Than 18 Months Past Due	Over 18 Months but Less Than 24 Months Past Due	Over 24 Months Past Due	Total
(Unaudited)							
On 30 June 2023							
Expected Loss Rate	**4.97%**	**15.22%**	**48.71%**	**100.00%**	**100.00%**	**100.00%**	**27.76%**
Gross Carrying Amount (RMB'000)	**116,638**	**49,589**	**27,664**	**19,303**	**5,220**	**12,847**	**231,261**
Loss Allowance Provision (RMB'000)	**5,801**	**7,545**	**13,474**	**19,303**	**5,220**	**12,847**	**64,190**
(Audited)							
As at 31 December 2022							
Expected Loss Rate	4.97%	15.22%	48.71%	100.00%	100.00%	100.00%	22.71%
Gross Carrying Amount (RMB'000)	123,725	27,702	28,303	8,720	7,562	5,286	201,298
Loss Allowance Provision (RMB'000)	6,153	4,215	13,785	8,720	7,562	5,286	45,721

On 30 June 2023 and 31 December 2022, the fair value of trade receivables was equal to their carrying value.

On the reporting date, the maximum credit risk exposure to be assumed was equal to the carrying value of the aforementioned types of receivables. The Group does not hold any collateral or employ any other credit enhancement measures for these bank balances.

The Group had a concentration of credit risk as certain of the Group's trade receivables were due from the Group's five largest customers as detailed below.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Five Largest Customers	**88,167**	63,268

The Group's main bank balances are deposited in banks with good reputation and high credit ratings given by international credit rating agencies. Therefore, the management expects that no losses will be incurred due to defaults by these banks.

40. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

When it comes to managing liquidity risks, the Group's policy is to regularly monitor its liquidity requirements and compliance with loan covenants, in order to maintain sufficient cash reserves and adequate funding amount from commitments made by major banks to meet its both short-term and long-term liquidity needs. The liquidity policies have been followed by the Group during the reporting period and are considered to have been effective in managing liquidity risk.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table is drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rates at the end of the reporting period.

	Interest Rate	Carrying Amount RMB'000	Total Contractual Undiscounted Cash Flow RMB'000	Within 1 Year or on Demand RMB'000	More than 1 but less than 2 Years RMB'000	More than 1 but less than 5 Years RMB'000	More than 5 Years RMB'000
(Unaudited)							
On 30 June 2023							
Trade payables	N/A	27,363	27,363	27,363	–	–	–
Other payables and accruals	N/A	5,979	5,979	5,979	–	–	–
Borrowings	4.50%-5.05%	30,041	31,129	31,129	–	–	–
Convertible bonds – liability component	–	–	–	–	–	–	–
Lease liabilities	4.10%-5.36%	3,305	3,412	2,915	100	336	61
		66,688	67,883	67,386	100	336	61
(Audited)							
As at 31 December 2022							
Trade payables	N/A	22,585	22,585	22,585	–	–	–
Other payables and accruals	N/A	6,572	6,572	6,572	–	–	–
Borrowings	4.50%-6.20%	32,052	32,705	32,705	–	–	–
Convertible bonds – liability component	18.29%	37,187	37,374	37,374	–	–	–
Lease liabilities	4.10%-5.36%	4,018	4,217	3,283	486	326	122
		102,414	103,453	102,519	486	326	122

40. FINANCIAL RISK MANAGEMENT (Continued)

(c) Interest rate risk

Interest rate risk means the risk of fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing cash flow interest rate risk, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

The Group's investment in the fixed-rate protected capital fund in Note 21 is of shorter duration and carried at amortised costs. Therefore the management considers such investment is not subject to fair value change as a result of the change in reasonable possible shift of market interest rate.

Other than cash at banks in Note 27, the Group does not have significant interest-bearing assets. Any change in the interest rate promulgated by banks from time to time is not considered to have a significant impact on the Group.

The Group's fair value interest-rate risk mainly arises from borrowings as disclosed in Note 31 and convertible bonds as disclosed in Note 33. Borrowings and convertible bonds were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no cash flow interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's borrowings and convertible bonds are disclosed in Note 31 and Note 33.

(d) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States dollars ("USD") and Hong Kong Dollars ("HKD") as the Group's bank balances and convertible bonds are denominated in these currencies. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

As at 30 June 2023, if the USD had weakened/strengthened by 0.5% against the RMB with all other variables held constant, profit for the year and equity would increase/decrease by RMB596 respectively (2022: RMB480,000), mainly as a result of net foreign exchange losses/gains on translation of USD denominated bank balances and convertible bonds. The Group's management manages this risk by closely monitoring the exchange rate movement and changes in market conditions that may have a significant impact on the operations and financial performance.

40. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the reporting period.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. Total debt is calculated as borrowings, lease liabilities, amount due to directors, amounts due to related parties, amounts due to investees and convertible bonds. Capital includes equity attributable to owners of the Company.

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Total debt	**33,346**	73,257
Equity attributable to the owners of the Company	**563,840**	543,347
Total debt and equity	**597,186**	616,604
Gearing ratio	**6%**	12%

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value

Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, deposits and other receivables, other financial assets, amounts due to directors and related parties, trade payables, other payables and accruals, borrowings and liability portion of convertible bonds.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, other financial assets, amounts due to directors/related parties, trade payables, other payables, accruals, borrowings and liability portion of convertible bonds approximates fair value.

Financial instruments measured at fair value

Financial instruments measured at fair value include the conversion option derivative of convertible bonds measured at FVTPL. The Group's financial instruments carried at fair value as at 2023 and 2022 are categorised by the level of the inputs to valuation techniques used to measure fair value.

Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2023 (2022: nil).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
30 June 2023			
Liabilities			
Conversion option derivative at FVTPL	–	–	–

The financial liabilities at FVTPL represent the conversion option derivative portion of the convertible bonds (Note 33). The fair value is determined with reference to a valuation report issued by an independent valuation expert using the Binomial Tree option pricing model.

40. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair Value (Continued)

The determination of the fair value of the conversion option derivative portion of the convertible bonds is based on certain parameters including stock price and its volatility, exercise price, option life and risk-free interest rate, which are unobservable. The significant unobservable input is shown as below:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Volatility in stock price	N/A	98.0%

An increase in volatility by 1% would increase the fair value of financial liabilities at FVTPL by nil (2022: nil), whilst a decrease in volatility by 1% would decrease the fair value of the financial liabilities at FVTPL by nil (2022: nil).

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Assets		
At the beginning of the period	–	–
Additions	–	–
Fair value change recognised in other comprehensive income	–	–
Distribution of assets to controlling shareholders *(Note 38)*	–	–
At the end of the period	–	–
Liabilities		
At the beginning of the period	–	–
Convertible bonds issued	–	3,841
Gain on fair value changes on convertible bond – conversion option derivative	–	(3,841)
At the end of the period	–	–

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Financial assets		
Financial assets at amortised cost – non-current		
Deposit	250	250
Financial assets at amortised cost – current		
Trade receivables	167,071	155,577
Deposits and other receivables	874	1,423
Other financial assets	17,390	17,390
Cash and cash equivalents	119,366	329,188
	304,701	503,578
	304,951	503,828
Financial liabilities		
Financial liabilities at FVTPL		
Convertible bonds – conversion option derivative	–	–
Financial liabilities at amortised cost – current		
Trade payables	27,363	22,585
Other payables and accruals	5,979	6,572
Borrowings	30,041	32,052
Convertible bonds – liability component	–	37,187
Lease liabilities	2,868	3,159
Amounts due to directors	–	–
Payables to related parties	–	–
	66,251	101,555
Financial liabilities at amortised cost – non-current		
Lease liabilities	437	859
	437	859
	66,688	102,414

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

	Borrowings *(Note 31)* RMB'000	Lease Liabilities *(Note 19)* RMB'000	Amount due to a Director *(Note 25)* RMB'000	Amounts due to Related Parties *(Note 26)* RMB'000	Bonds Payable *(Note 33)* RMB'000
(Unaudited)					
As at 1 January 2023	32,052	4,018	–	–	37,187
Changes from cash flow:					
Proceeds from bank borrowings	30,000	–	–	–	–
Repayment of bank borrowings	(32,000)	–	–	–	–
Repayment of principal elements	–	(713)	–	–	–
Repayment of convertible bonds	–	–	–	–	(33,813)
Interest paid	(1,007)	(92)	–	–	(2,729)
	(3,007)	(805)	–	–	(36,542)
Other changes:					
Interest expenses *(Note 10)*	996	–	–	–	(645)
Imputed interest incurred on lease payments *(Note 10)*	–	92	–	–	–
	996	92	–	–	(645)
As at 30 June 2023	30,041	3,305	–	–	–

42. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	Borrowings *(Note 31)* RMB'000	Lease liabilities *(Note 19)* RMB'000	Amount due to a Director *(Note 25)* RMB'000	Amounts due to Related Parties *(Note 26)* RMB'000	Bonds Payable *(Note 33)* RMB'000
(Unaudited)					
As at 1 January 2022	–	6,925	2	130,293	–
Changes from cash flow:					
Proceeds from bank borrowings	22,000	–	–	–	–
Proceeds from loan from third parties	101,320	–	–	–	–
Proceeds from loan from a shareholder	19,050	–	–	–	–
Repayment of loan from third parties	(101,320)	–	–	–	–
Repayment of principal elements	–	(577)	–	–	–
Proceeds from convertible bonds	–	–	–	–	40,511
Reimbursement to directors	–	–	(2)	–	–
Settlement of consideration arise from business transfer	–	–	–	(130,293)	–
Interest paid	(870)	(164)	–	–	–
	40,180	(741)	(2)	(130,293)	40,511
Other changes:					
Interest expenses *(Note 10)*	2,360	–	–	–	3,335
Deemed shareholder contribution	(1,029)	–	–	–	–
Exchange difference	793	–	–	–	2,428
Commencement of lease	–	13	–	–	–
Imputed interest incurred on lease payments *(Note 10)*	–	164	–	–	–
	2,124	177	–	–	5,763
As at 30 June 2022	42,304	6,361	–	–	46,274

Note:

The amount arises as a number of customers of the Group continue to repay their outstanding amounts to Xiamen Many Idea Interactive Co., Ltd.* (Xiamen Many Idea). However, these customers have agreed with Xiamen Many Idea to transfer the right of debt collection to the Group by signing the tripartite agreement under the Business Transfer which was completed on 1 December 2021.

* The English name of the subsidiary is a literal translation of its corresponding official Chinese name.

43. CAPITAL COMMITMENTS

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of the property, plant and equipment	11,262	11,262

44. EVENT AFTER THE REPORTING DATE

There are no other significant events which took place subsequent to 30 June 2023.

INTERPRETATIONS

"Audit Committee"	refers to	Audit Committee of the Company
"Board of Directors"	refers to	Board of Directors of the Company
"The Company"	refers to	Many Idea Cloud Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 10 June 2021
"Corporate Governance Code"	refers to	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Directors"	refers to	Directors of the Company
"Hong Kong Stock Exchange"	refers to	The Stock Exchange of Hong Kong Limited
"Listing"	refers to	The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2022
"Listing Rules"	refers to	Rules Governing the Listing of Securities on the SEHK
"Shareholder"	refers to	Holders of shares
"The Group" or "We"	refers to	The Company and its subsidiaries