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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "**Board**") of directors (the "**Directors**") of Many Idea Cloud Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023, as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**839,263**	287,607
Gross profit	**55,643**	54,665
Profit before income tax expense	**8,226**	23,259
Profit for the period	**7,167**	20,475

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2024

	Notes	**As of six months ended 30 June 2024** *RMB'000* **(Unaudited)**	2023 *RMB'000* (Unaudited)
Revenue	*7*	**839,263**	287,607
Cost of revenue		**(783,620)**	(232,942)
Gross profit		**55,643**	54,665
Other revenue	*8*	**6,647**	4,114
Other gains and losses	*9*	**277**	(1,059)
Selling and marketing expenses		**(3,084)**	(3,914)
Administrative expenses		**(12,581)**	(11,635)
Provision for impairment loss on trade receivables and other financial assets, net	*11*	**(36,915)**	(18,469)
Finance costs	*10*	**(1,761)**	(443)
Listing expenses	*11*	**–**	–
Profit before income tax expense	*11*	**8,226**	23,259
Income tax credit/(expenses)	*12*	**(1,059)**	(2,784)
Profit for the period		**7,167**	20,475
Profit for the period attributable to:			
Owners of the Company		**7,189**	20,493
Equity attributable to non-controlling interests		**(22)**	(18)
		7,167	20,475
Profit for the period		**7,167**	20,475
Other comprehensive income, net of tax			
Items that will be reclassified to profit or loss:			
Expected credit loss on debt instrument measured at fair value through other comprehensive income			
Fair value changes on debt instrument measured at fair value through other comprehensive income		**–**	–
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period		**7,167**	20,475
Total comprehensive income for the period attributable to:			
Owners of the Company		**7,189**	20,493
Equity attributable to non-controlling interests		**(22)**	(18)
		7,167	20,475
Earnings per share attributable to the ordinary shareholder of the Company ***(RMB)***			
– Basic and diluted	*14*	**0.007**	0.026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2024

	Notes	**2024 30 June** *RMB'000* **(Unaudited)**	2023 31 December *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,156**	1,057
Right-of-use assets		**4,120**	1,535
Intangible assets	*15*	**102,327**	110,123
Financial assets at fair value through other comprehensive income		**–**	10
Interests in an associate		**49,000**	47,000
Deferred tax assets		**29,225**	21,898
Prepayments, deposits and other receivables		**13,757**	14,064
Total non-current assets		**199,585**	195,687
Current assets			
Trade receivables	*16*	**445,987**	313,495
Prepayments, deposits and other receivables		**256,157**	220,905
Contract costs		**95**	100
Financial assets at fair value through other comprehensive income		**2,101**	18,711
Cash and cash equivalents		**14,768**	26,131
Total current assets		**719,108**	579,342
Total assets		**918,693**	775,029
Current liabilities			
Trade payables	*17*	**36537**	18483
Other payables and accruals		**64,885**	48,803
Contract liabilities		**45,990**	36,452
Borrowings		**65,724**	56,555
Lease liabilities		**1,333**	459
Convertible bonds – liability component		**–**	–
Convertible bonds – conversion option derivative		**–**	–
Amounts due to shareholders		**18,227**	–
Income tax payable		**43,779**	35,861
Total current liabilities		**276,475**	196,613
Net current assets		**442,633**	382,729
Total assets less current liabilities		**642,218**	578,416

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued
As of 30 June 2024

	Notes	**2024 30 June** ***RMB'000*** **(Unaudited)**	2023 31 December *RMB'000* (Audited)
Non-current liabilities			
Lease liabilities		**2,549**	400
Total non-current liabilities		**2,549**	400
Net assets		**639,669**	578,016
Equity attributable to owners of the Company			
Share capital	*18*	**108**	72
Reserves		**638,082**	576,443
		638,190	576,515
Equity attributable to non-controlling interests		**1,479**	1,501
Total equity		**639,669**	578,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. 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 ("**Stock Exchange**") 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 integrated 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 ("HKFRS")

(a) Adoption of new or amended HKFRSs – effective 1 January 2023

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

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 ("HKFRS") – 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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.

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

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

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 Interpretation 5 (2022) was revised as a consequence of the Amendments to HKAS 1 revised in December 2022. The revision to HK Interpretation 5 (Revised) 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.

Amendments to HKAS 21, Lack of Exchangeability

The Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate the comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application.

The directors of the Company do not anticipate that the application of the amendments in the future will have an 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**") issued by the Hong Kong Institution of Certified Public Accountants 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. All values in the consolidated financial statements are rounded to the nearest thousand except when otherwise indicated.

(d) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA

In June 2022, Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("**the Amendment Ordinance**") was enacted. The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory contributions under the mandatory provident fund ("**MPF**") scheme to offset severance payment ("**SP**") and long service payments ("**LSP**") ("**the Abolition**"). Subsequently, the Government of HKSAR announced that the Abolition will take effect on 1 May 2025 ("**the Transition Date**").

The following key changes will take effect since the Transition Date:

– Accrued benefits derived from employers' mandatory MPF contributions cannot be used to offset the LSP/SP in respect of the employment period after the Transition Date.

– The pre-transition LSP/SP is calculated using the last month's salary immediately preceding the Transition Date, instead of using the last month's salary of employment termination date.

3. BASIS OF PREPARATION – Continued

(d) New guidance on accounting for the MPF-LSP offsetting mechanism in Hong Kong issued by HKICPA – Continued

Due to the complexities of the accounting for the offsetting of accrued benefits derived from an employer's mandatory MPF contributions and its LSP obligation and the accounting for the offsetting mechanism could become material in light of the Abolition, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("**the Guidance**") in July 2023 to provide guidance to account for the offsetting mechanism and the Abolition. The HKICPA concluded that there are two acceptable accounting approaches for the offsetting mechanism, being:

- Approach 1: Account for the amount expected to be offset as a deemed employee contribution towards that employee's LSP benefits in terms of HKAS 19.93(a)

- Approach 2: Account for the employer MPF contributions and the offsetting mechanism as a funding mechanism for the LSP obligation

For the years ended 31 December 2023 and 30 June 2024, the Group's LSP liability before the expected offsetting under the MPF-LSP offsetting mechanism is immaterial. Application of the Guidance had no material effect on the consolidated financial statements of the Group.

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

When the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee when it has power over the investee, is exposed or has rights to variable returns from the investee, and has 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.

Financial statements of subsidiaries are included in the consolidated financial statements from the date control is obtained until the date on which control ceases.

(b) Property, plant and equipment

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

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 principal annual rates are as follows:

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

The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. MATERIAL ACCOUNTING POLICIES – Continued

(c) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. 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.

Amortisation is provided on a straight-line basis over their useful lives. The principal annual rates are as follows:

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

The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 to the SaaS interactive marketing business of the Group and is carried at cost less accumulated amortisation and any accumulated impairment losses. 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 principally determined based on (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.

(d) Financial instruments

(i) Financial assets

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.

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 two 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. MATERIAL ACCOUNTING POLICIES – Continued

(d) Financial instruments – Continued

(i) Financial assets – Continued

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 and other debt financial assets.

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-month 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.

4. **MATERIAL ACCOUNTING POLICIES – Continued**

(d) **Financial instruments – Continued**

(ii) Impairment loss on financial assets – Continued

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.

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.

4. MATERIAL ACCOUNTING POLICIES – Continued

(d) Financial instruments – Continued

(iii) Financial liabilities

Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred. They 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 bonds 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 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.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. Interest related to the liability component is recognised in profit or loss. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss. When the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(v) 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.

4. MATERIAL ACCOUNTING POLICIES – Continued

(e) Interests in an associate

Associates are those entities in which the Group has significant influence, but not control or control, over the financial and operating policies.

Interests in associates are accounted for under the equity method. They are initially recognised at cost, which includes any transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the investees, until the date on which significant influence ceases.

(f) Leases

The Group as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities, except for leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

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.

The Group measures the right-of-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.

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.

4. MATERIAL ACCOUNTING POLICIES – Continued

(f) Leases – Continued

The Group as a lessee – Continued

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.

(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. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

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.

(h) 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.

4. MATERIAL ACCOUNTING POLICIES – Continued

(i) Revenue recognition

(i) Revenue from integrated marketing services

Integrated marketing services mainly include planning, designing, producing, and implementing various interactive contents and marketing materials (such as texts, pictures, audios, videos, and mini-games), providing strategic advertising strategies and plan, and advertising the brand and products of customers through online networks and offline promotion. The Group also provides dedicated marketing solutions to meet its specific offline marketing and promotion needs (including event hosting and execution).

Due to the high integration of various tasks resulting in the transfer of portfolio outputs to the customers over time, or because the Group is unable to fulfill its commitments by independently transferring each service, separate performance obligations are usually established in contracts relating to integrated marketing services. However, where the contract involves two or more services that can be separately distinguished and are indeed different within the scope of the contract, these services will be accounted for as independent performance obligations, with revenue allocated based on their relative standalone selling prices. The standalone selling prices are estimated using an expected cost plus a margin approach, and the expected costs of fulfilling the performance obligations and appropriate profit margins for the service should be considered.

The duration of each integrated marketing project typically ranges from one month to ten months. Customers usually adopt installment payments, with the first payment made shortly after the agreement is signed and the final payment made after the project report is delivered or after the customers confirm the fulfillment of their obligations under the agreements. Generally, invoices issued will be paid within 180 days. As the contract is usually completed within one year, the Group has adopted a practical expedient and does not recognise any financing elements after considering the restrictions on payment terms.

Revenue from integrated marketing services is recognised over time under the output method as, in the event of termination, the Group is required to provide customers with information on designs completed to date and regularly provide interactive content and marketing materials available to customers at a level of detail that does not require customers to enter into a contract with other entities to re-perform the work substantially.

In addition, the Group also provides marketing services through its online platform, including platform subscription services, customised marketing content and materials. Under the subscription services, the Group will provide customers with the rights to use the corresponding functions on the platforms and marketing operations tools. Generally, the subscription service will be an annual subscription service for a period of one year. In the case of customised marketing content and materials, the customised marketing content and materials are provided to the customer upon specific request for a period of time for exclusive use. The contract usually contains a performance obligation.

As the customer receives and enjoys the benefits of the services provided to the customer at the same time, the Group recognises subscription receipts on a straight-line basis over time during the subscription period in which the services are provided to the customer.

When the customer is able to use and benefit from the customised marketing content and materials, the Group will recognise an income arising from the provision of the customised marketing content and materials. From that point on, no further activities will be carried out that would significantly affect the customised marketing content and materials.

4. MATERIAL ACCOUNTING POLICIES – Continued

(i) Revenue recognition – Continued

(i) Revenue from integrated marketing services – Continued

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e., only the passage of time is required before payment of that consideration is due. Contract assets are subject to impairment assessment on the same basis as trade receivables, 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.

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 attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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. MATERIAL ACCOUNTING POLICIES – Continued

(k) Income taxes

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

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. 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 and does not give rise to equal taxable and deductible temporary differences, taxable temporary differences arising on investments in subsidiaries and associates 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 do not arise 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(l) 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;
- interests in an associate; 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. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

4. MATERIAL ACCOUNTING POLICIES – Continued

(m) 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, which 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) 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.

(iv) Useful lives of intangible assets

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

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

(b) Key sources of estimation uncertainty – Continued

(v) 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 integrated marketing services in the PRC.

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

Information about major customers

During the six months ended 30 June 2024 and the six months ended 30 June 2023, the Group's customers accounting for 10% or more of its total revenue are as follows:

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**N/A**	48,985
Customer B	**N/A**	35,546
Customer C	**N/A**	33,392
Customer D	**89,003**	N/A
Customer E	**87,261**	N/A

7. REVENUE

An analysis of revenue is as follow:

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Integrated marketing solutions services	**839,263**	287,607
Timing of revenue recognition		
At a point in time	**2,242**	9,700
Transferred over time	**837,021**	277,907
	839,263	287,607

The Group has applied the practical expedient to its performance obligation under the sales contracts for integrated 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 the performance obligation is part of a contract that had an original expected duration of one year or less.

8. OTHER REVENUE

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants (*Note i*)	**5,277**	2,295
Bank interest income	**31**	398
Interest income on debt instruments measured at FVTOCI	**369**	–
Additional value-added tax ("**VAT**") input deduction *(Note ii)*	**969**	1,420
Others	**1**	1
	6,647	4,114

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.

There are no unfulfilled conditions and other contingencies attaching to government assistance that has been recognised for the six months ended 30 June 2023 and the six months ended 30 June 2024.

(ii) Additional VAT input deduction was recognised in profit or loss due to the VAT reform. In accordance with VAT Reformation Article No. 39, the Group is eligible for VAT credits of 10% additional VAT input deduction from 1 April 2019 to 31 January 2024 upon meeting all applicable criteria.

9. OTHER GAINS AND LOSSES

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Exchange gains/(losses), net	**(191)**	(1,059)
Loss on disposal of property, plant and equipment	**(86)**	–
	(277)	(1,059)

10. FINANCE COSTS

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	**1,163**	854
Interest expenses on loan from third parties	**570**	–
Loss on de-recognition of convertible bonds	**–**	(645)
Imputed interest expenses on lease liabilities	**28**	92
Others	**–**	151
	1,761	443

11. PROFIT BEFORE INCOME TAX EXPENSE

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

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Auditors' remuneration	**–**	–
Amortisation of intangible assets included in:		
– Administrative expenses	**5**	19
– Cost of revenue	**6,559**	6,336
– Selling and marketing expenses	**9**	41
– Research costs	**1,223**	1,105
	7,796	7,501
Cost of revenue *(Note)*	**783,620**	232,942
Cost of inventories recognised as expenses	**1,087**	1,668
Depreciation charged:		
– Property, plant and equipment	**327**	339
– Right-of-use assets	**1,314**	1,440
Employee costs	**12,855**	11,285
Listing expenses	**–**	–
Provision of impairment loss recognised on trade receivables	**37,271**	18,469
(Reversal)/recognition of provision of impairment loss recognised on debt instruments measured at FVTOCI	**(356)**	–
	36,915	18,469
Research costs included in administrative expenses	**2,327**	3,941
Short-term leases expenses	**655**	818

Note:

Cost of revenue includes RMB7,086,000 (2023: RMB3,267,000) of employee costs, RMB544,000 (2023: RMB759,000) of short-term leases expenses, RMB1,087,000 (2023: RMB1,668,000) 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. INCOME TAX (CREDIT)/EXPENSE

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax (the "**PRC EIT**")		
– For the period	**8,386**	5,898
– under-provision in prior years	**–**	25
Deferred tax		
– For the period	**(7,327)**	(3,139)
Income tax (credit)/expense	**1,059**	2,784

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

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

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

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

According to "Announcement of Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China" ("關於延續西部大開發企業所得稅政策的公告"), another subsidiary of the Group located in Xinjiang was no longer subjected to the exemption from the EIT. According to "Notice of the Ministry of Finance and the State Taxation Administration on Preferential Enterprise Income Tax Policies for Xinjiang Kashi and Huoerguosi", the subsidiary was entitled to a preferential tax rate of 15% since 1 January 2021.

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

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

The weighted average applicable tax rate was 12.9% (2023: 11.97%).

13. DIVIDENDS

There were no dividends paid or declared by the Company for the six months ended 30 June 2024 and 2023.

14. EARNINGS PER SHARE

(a) Basic

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

	As of six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company for the purpose of computation of basic earnings per share *(RMB'000)*	**7,189**	20,493
Weighted average number of ordinary shares for the purpose of computation of basic earnings per share	**960,000,000**	800,000,000
Basic earnings per share *(RMB)*	**0.007**	0.026

For the purpose of computing basic earnings per share, ordinary shares issued in the Group Reorganisation were assumed to have been issued and allocated on 1 January 2022.

For the purpose of calculating the weighted average number of ordinary shares, the number of shares has taken the Capitalisation Issue into account as the Capitalisation Issue was deemed to be effective since 1 January 2022 and the shares issued during the Group Reorganisation are treated as if they had been in effect and issued on 1 January 2022.

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

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

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

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

(d) Public offering of 400,000,000 ordinary shares on 18 April 2024.

(b) Diluted

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 2024 and 2023.

15. INTANGIBLE ASSETS

	Computer software *RMB'000*	Licences *RMB'000*	Total *RMB'000*
(Unaudited)			
Cost			
As at 1 January 2023	102,903	23,321	126,224
Additions			
– Externally acquired	19,556	–	19,556
As at 31 December 2023 and 1 January 2024	122,459	23,321	145,780
Additions			
– Externally acquired	–	–	–
As at 30 June 2024	122,459	23,321	145,780
Accumulated amortisation and impairment			
As at 1 January 2023	12,705	7,385	20,090
Charged during the year	10,903	4,664	15,567
As at 31 December 2023 and 1 January 2024	23,608	12,049	35,657
Charged during the year	5,464	2,332	7,796
As at 30 June 2024	29,072	14,381	43,453
Net book value			
As at 30 June 2024	93,387	8,940	102,327
As at 31 December 2023	98,851	11,272	110,123

The Group's computer software with a carrying amount of RMB93,387,000 (as at 31 December 2023: RMB98,851,000) will be fully amortised in 9.42 years (as at 31 December 2023: 10 years).

The Group's licences with a carrying amount of RMB8,940,000 (as at 31 December 2023: RMB11,272,000) will be fully amortised in 1.92 years (as at 31 December 2023: 2.42 years).

16. TRADE RECEIVABLES

	2024	2023
	30 June	31 December
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**594,741**	424,977
Less: Provision for impairment loss recognised	**(148,754)**	(111,482)
	445,987	313,495

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

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

	2024	2023
	30 June	31 December
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
1 to 6 months	**335,882**	240,387
More than 6 months but less than 12 months	**117,701**	76,605
More than 1 year but less than 2 years	**84,175**	65,414
More than 2 years	**56,983**	42,571
	594,741	424,977

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

	2024	2023
	30 June	31 December
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
At the beginning of the year	**111,482**	45,721
Provision for impairment loss on trade receivables	**37,271**	65,761
At the end of year	**148,754**	111,482

17. TRADE PAYABLES

	2024 30 June *RMB'000* **(Unaudited)**	2023 31 December *RMB'000* (Audited)
Trade payables *(Note (a))*	**36,537**	18,483

Note:

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

	2024 30 June *RMB'000* **(Unaudited)**	2023 31 December *RMB'000* (Audited)
Within 6 months	**28,564**	10,119
More than 6 months but less than 12 months	**6,250**	3,324
More than 1 year but less than 2 years	**557**	4,310
More than 2 years	**1,166**	730
	36,537	18,483

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

18. SHARE CAPITAL

	Number	Amount *HKD'000*	Amount *RMB'000*
Ordinary shares of par value of HKD0.0001 each			
Authorised			
As of 1 January 2023	10,000,000,000	1,000	887
Increase in authorised share capital	–	–	–
As at 31 December 2023 and 1 January 2024	10,000,000,000	1,000	887
Increase in authorised share capital	–	–	–
As at 30 June 2024	**10,000,000,000**	**1,000**	**887**
Issued and fully paid			
As of 1 January 2023	800,000,000	80	72
Issue of shares	–	–	–
As at 31 December 2023 and 1 January 2024	800,000,000	80	72
Issue of shares *(Note (i))*	400,000,000	40	36
As at 30 June 2024	**1,200,000,000**	**120**	**108**

* Represents amount less than HKD1,000.

Note:

(i) On 28 December 2023, the Group announced its intention to offer a total of 400,000,000 shares at a par value of HKD0.0001 per share to the stock market, on the basis of one public offering share for each two shares held. The public offering was completed on 18 April 2024 and the number of ordinary shares increased to 1,200,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Review

In the first half of 2024, we have shown steady growth in overall revenue, with the proportion of income from major customers continuously increasing. The revenue from the TikTok business 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 2024, we will focus on leveraging social media platforms, including Xiaohongshu, Tencent and other media. Our efforts will include enhancing our brand-efficiency integration solutions, specialising in specific industries to boost our professionalism, and improving our media operations and traffic optimization capabilities. Additionally, we will expand our AI-assisted marketing capabilities.

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, footwear and apparel and daily chemical industries. Our total revenue consists of revenue from integrated marketing solutions services.

During the six months ended 30 June 2024 (the "**Reporting Period**"), our total revenue reached approximately RMB839,263,000, a year-on-year ("**YoY**") growth of approximately 191.8% (approximately RMB287,607,000 in the same period in 2023). The increase in revenue was mainly due to our enhanced expansion capabilities in the TikTok market, which increased revenue from the TikTok business.

Revenue

During the Reporting Period, our total revenue reached approximately RMB839,263,000, a YoY growth of approximately 191.8% (approximately RMB287,607,000 in the same period in 2023).

During the six months ended 30 June 2024, our revenue from integrated marketing solutions services increased by approximately 191.8% YoY to approximately RMB839,263,000, accounting for approximately 100% of revenue, mainly due to our rich experience in serving customers over the years and our marketing solutions better catering to the marketing needs of customers.

Revenue from integrated marketing solutions services is recognised over the period of time when the related services are rendered according to the progress of completion as stipulated under the agreements. The revenue would be recognised when we deliver the services to our customers, such as delivery of design and advertising plans, and will continue to be recognised until all promised services are delivered.

Cost of revenue

During the Reporting Period, the cost of our revenue amounted to approximately RMB783,620,000, a YoY growth of approximately 236.4% (approximately RMB232,942,000 in the same period in 2023).

Integrated marketing services

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

The following table sets out a breakdown of the cost of revenue of integrated marketing solutions 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 six months ended 30 June				
	2024		2023		Change (+/(-))
	RMB'000	***%***	*RMB'000*	*%*	*%*
Media advertising resources costs	**754,950**	**96.3**	203,854	87.5	270.3
Production costs	**11,637**	**1.5**	10,429	4.5	11.6
Equipment rental costs	**434**	**0.1**	715	0.3	-39.3
Staff costs	**7,086**	**0.9**	3,267	1.4	116.9
SaaS costs	**8,551**	**1.1**	13,812	5.9	-38.1
Other costs	**962**	**0.1**	865	0.4	11.2
Total	**783,620**	**100.0**	232,942	100.0	236.4

During the Reporting Period, the cost of revenue of integrated marketing solutions services reached approximately RMB783,620,000, a YoY growth of approximately 236.4% (approximately RMB232,942,000 in the same period in 2023). This is mainly due to the increase in revenue from the TikTok business in this period, which led to a YoY rise in media advertising resources costs.

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.

	As of six months ended 30 June				
	2024		2023		Change (+/(-))
	RMB'000	***%***	*RMB'000*	*%*	*%*
Integrated marketing solutions services	**55,643**	**100.0**	54,665	100.0	1.8

During the Reporting Period, our total gross profit reached approximately RMB55,643,000, a YoY increase of approximately 1.8% (approximately RMB54,665,000 in the same period in 2023). The increase in the gross profit of the Company's integrated marketing solutions services was mainly due to a YoY increase in the gross profit of our cooperation with TikTok as the first-tier agent.

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, principally including business entertainment, accommodation and travel expenses; (iii) amortisation and depreciation, mainly referring to the depreciation of equipment, automobiles, leased property renovation, and leased right-of-use assets and the amortisation 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 RMB3,084,000, a YoY increase of approximately 21.2% (approximately RMB3,914,000 in the same period in 2023). The decrease in payroll was mainly due to adjustments in the workforce structure to align with the needs of business development.

Administrative expenses

Administrative expenses predominantly include (i) staff 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) amortisation and depreciation, primarily referring to the depreciation of equipment, vehicles, and renovation of our leased properties, and leased right-of-use assets and the amortisation of computer software; (iv) research and development ("**R&D**") costs, principally referring to the salaries of R&D employees of the 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 RMB12,581,000, a YoY growth of approximately 8.1% (approximately RMB11,635,000 in the same period in 2023). This was mainly due to the increase in payroll and taxes and surcharges as a result of the increase in business income.

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 RMB36,915,000, representing an increase of approximately 99.9% YoY (approximately RMB18,469,000 in the same period in 2023). Such increase was primarily due to the fact that significant growth in revenue was accompanied by a rise in trade receivables, 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 six months ended 30 June		
	2024	2023	Change (+/(-))
	RMB'000	*RMB'000*	*%*
Government grants	**5,277**	2,295	129.9
Bank interest income	**31**	398	-92.2
Interest income on other financial assets	**369**	–	
Additional value-added tax input deduction	**969**	1,420	-31.8
Others	**1**	1	–
Total	**6,647**	4,114	61.6

During the Reporting Period, our other revenue amounted to approximately RMB6,647,000, a YoY increase of approximately 61.6% (approximately RMB4,114,000 in the same period in 2023). The increase in government grants was mainly due to an increase in subsidies for profit-making service industries.

Other gains and losses

During the Reporting Period, our other gains amounted to approximately RMB277,000 (other losses of approximately RMB1,059,000 in the same period in 2023). Such a change was mainly due to the fact that foreign currency accounts of the Company changed with the exchange rate during the Reporting Period.

Finance costs

Finance costs primarily comprise (i) interest expense on bank borrowings; (ii) interest expense on third-party loans; and (iii) interest expenses on lease liabilities.

During the Reporting Period, our finance costs reached approximately RMB1,761,000, a YoY growth of approximately 297.5% (approximately RMB443,000 in the same period in 2023). This increase was largely due to increased borrowings during the period.

Profit before income tax expense

As a result of the above, our profit before income tax as of the six months ended 30 June 2024 stood at approximately RMB8,226,000, a decrease of approximately 64.6% YoY (approximately RMB23,259,000 in the same period in 2023).

Income tax expenses

During the Reporting Period, our income tax expense was approximately RMB1,059,000, a YoY decrease of approximately 62.0% (approximately RMB2,784,000 in the same period in 2023). Such decrease was largely due to decreased income tax expenses caused by lower profit before income tax expense. The effective tax rate, representing income tax expense divided by profit before tax, was 12.9% for 2024 and 12.0% for 2023.

Net profit and net profit margin

During the Reporting Period, the Group's net profit was RMB7,167,000, representing a YoY decrease of approximately 65.0% (approximately RMB20,475,000 in the same period in 2023), with net profit margins of 0.9% (7.1% in the same period in 2023).

Reserves and capital structure

As of 30 June 2024, the Group's total equity was RMB640,000,000 (31 December 2023: RMB578,000,000), which comprised share capital of RMB108,000 (31 December 2023: RMB72,000) and reserves of RMB638,000,000 (31 December 2023: RMB576,000,000). The increase in total equity was primarily due to the public offering during the period and net profit during 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. The Group's cash outflows from operating activities primarily comprised payments for media advertising resources costs and operating expenses.

As of 30 June 2024, the Group's total current assets and current liabilities were RMB719,108,000 (as of 31 December 2023: RMB579,342,000) and RMB276,475,000 (as of 31 December 2023: RMB196,613,000), respectively, while the current ratio was 2.6 times (as of 31 December 2023: 2.9 times). The increase in total current assets as of 30 June 2024 was mainly attributable to an increase in trade receivables. As of 30 June 2024, the Group had a cash and bank balance amounting to RMB14,768,000 (as of 31 December 2023: RMB26,131,000).

As of 30 June 2024, the Group had borrowings of RMB65,724,000. 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 9.8% as of 30 June 2024 (31 December 2023: 9.1%).

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 2024 was approximately RMB1,269,000.

The following table sets out our capital expenditures for the period indicated:

		Six months ended June 2024
		RMB'000
(1)	Fixed assets (including computer equipment, office equipment, automobiles and office leasehold improvement)	513
(2)	Intangible assets (including our trademarks, software copyrights, purchased software and self-developed software)	–
(3)	Right-of-use assets	756
Total		1,269

For the six months ended 30 June 2024, the Group had a total capital commitment of approximately RMB11,090,000 (30 June 2023: RMB11,262,000), 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 2024, 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 USD and HKD. 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 contract 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 2024, we did not pledge any of our assets.

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

On 30 April 2024, Xiamen Instant Interactive Culture Communication Co., Ltd. ("**Xiamen Instant Interactive**"), an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with Anhui Ziyuan Holding Co., Ltd. ("**Anhui Ziyuan**") and Tongxiang Kuntai Equity Investment Fund Management Co., Ltd. ("**Tongxiang Kuntai**"), pursuant to which the parties agreed to establish a partnership (the "**Partnership**") with the Group having 19.9996% equity interests in the Partnership. During the Reporting Period, Xiamen Instant Interactive injected in the amount of RMB2 million as the registered capital of the Partnership. The Company intends to, through the establishment of the Partnership, implement its investment plan in cooperation with Anhui Ziyuan and Tongxiang Kuntai. Subject to the progress of the investment plan, the Company may consider further increase its investment in the Partnership as and when necessary and appropriate.

Save as disclosed above, as of 30 June 2024, the Group had no significant investments, material acquisitions, disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As of 30 June 2024, save for the disclosure made in the prospectus of the Company dated 28 October 2022, the Group did not have any plan for significant investments or capital assets.

EMPLOYEES

We had a total of 154 employees as of 30 June 2024.

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 our 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 Directors and other staff of the Group amounted to RMB12,855,000 (the same period in 2023: RMB11,285,000). The increase in staff cost was mainly due to the increase in revenue and the number of R&D staff.

USE OF PROCEEDS

The net proceeds from the listing ("**Net Proceeds**"), after deducting the underwriting fees and other related expenses in connection with the listing, was approximately HK$267.30 million.

On 14 December 2023, our Board resolved to reallocate the net unspent proceeds for reasons set out in the paragraph "Reasons and Benefits of Changing Use of Proceeds" of the Announcement dated December 2023. Please refer to the Announcement dated December 2023 for details.

The following table sets out the utilisation of the net proceeds for the six months ended 30 June 2024.

	Percentage of Net Proceeds	Net Proceeds from Global Offering	Utilised Amount as of 30 June 2024	Unutilised Amount as of 30 June 2024	Expected Timeline of Utilisation
		HK$ Million	*HK$ Million*	*HK$ Million*	
Enhancing SaaS interactive marketing platform research and development	14.7%	39.2	39.2	–	N/A
Scaling up our IP contents portfolio and expanding our integrated marketing solutions businesses	44.5%	119	119	–	N/A
Investment in the expansion of our geographical coverage and customer base	16.0%	42.7	42.7	–	N/A
Joint venture establishment	19.3%	51.6	51.6	–	N/A
Working capital and general corporate use	5.5%	14.8	14.8	–	N/A
Total	100.0%	267.3	267.3	–	

EQUITY FUND RAISING IN THE LAST TWELVE MONTHS

In the twelve months prior to the date of this announcement, we have carried out the following equity fund raising activities:

On 28 December 2023, the Group announced its intention to offer a total of 400,000,000 shares at a price of HK$0.15 per share to the stock market, on the basis of one open offer share for every two existing shares held. The net proceeds from the open offer, after deducting all related subscription costs and expenses, amounted to approximately HK$53 million.

The following table sets out the utilisation of the net proceeds from the open offer for the six months ended 30 June 2024.

	Percentage of Net Proceeds from the open offer	Net Proceeds from the open offer	Utilised Amount as of 30 June 2024	Unutilised Amount as of 30 June 2024	Expected Timeline of Utilisation
		HK$ Million	*HK$ Million*	*HK$ Million*	
Purchasing media resources (in particular online traffic from TikTok) for advertising by the Group's customers through the new TikTok distribution channel and promoting the TikTok distribution channel	90%	47.7	47.7	–	N/A
General working capital	10%	5.3	5.3	–	N/A
Total	100%	53.0	53.0	–	

On 15 June 2024, the Group announced to enter into two subscription agreements with two subscribers for a total of 160,000,000 subscription shares at a subscription price of HK$0.25 per share. The subscription was completed on 15 July 2024, and the net proceeds of the subscription were approximately HK$39.9 million after deducting all costs and expenses relating to the subscription.

Save for the information disclosed above, the Company has not carried out any equity fund raising activities in the twelve months prior to the date of this announcement.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

On 15 June 2024, the Group announced to enter into two subscription agreements with two subscribers for a total of 160,000,000 subscription shares at a subscription price of HK$0.25 per share. The subscription was completed on 15 July 2024 for the aggregate gross proceeds of approximately HK$40 million. The aggregate net proceeds from the Subscription, after deduction of relevant costs and expenses, amounted to approximately HK$39.9 million. The number of ordinary shares of the Company increased to 1,360,000,000 upon completion of the subscription. The Company intended to apply the net proceeds from the subscription as to approximately 75.19% (equivalent to approximately HK$30 million) thereof for purchasing of media resources, in particular, the TikTok distribution channel, and promotion of the TikTok distribution channel. The remaining of approximately 24.81% (equivalent to approximately HK$9.9 million) of the net proceeds from the subscription will be allocated for general working capital of the Group.

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

PURCHASE, SALE, OR REDEMPTION OF THE SECURITIES

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries acquired, sold or redeemed any of its listed securities (including sale of treasury shares). As of 30 June 2024, the Company did not hold any treasury shares.

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 and applied the provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules. So far as the Directors are aware, the Company has complied with all applicable code provisions under the CG Code during the Reporting Period except for provision C.2.1 of the Code set out below.

The roles of chairman and chief executive should be separate and not held by the same person. Mr. Liu currently holds two positions. Since the establishment of the Group in 2012, Mr. Liu has been a key leader of the Group and has been deeply involved in the formulation of the Group's business strategy and decisions on its overall direction. He is also primarily responsible for the Group's operations as he directly supervises the Directors of the Group (in addition to himself) and our members of senior management. Given the continued implementation of the Group's business plan, the Directors of the Group (including the Group's independent non-executive Directors) consider Mr. Liu to be the best candidate for these two positions and that the current arrangement is beneficial to and in the interest of the Company and shareholders as a whole. Our Board of the Group will continuously review and monitor its corporate governance measures to ensure compliance with the CG Code.

MODEL CODE FOR DIRECTOR SECURITIES TRANSACTIONS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as a code of conduct for our Directors to conduct trading of securities. Our Company has been following the Model Code since the listing date. 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. Our Company has made specific enquiries to all of its Directors, who have confirmed that they have implemented and complied with the standards set out in the Model Code during the Reporting Period.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024.

AUDIT COMMITTEE

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

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 2024). The Audit Committee considers that the interim financial information complies with applicable accounting standards, laws, and regulations.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on our Company's website (www.manyidea.cloud) and the Stock Exchange's website (www.hkexnews.hk). The interim report for the six months ended 30 June 2024 will be dispatched (if requested) to the shareholders of our Company and will be available on the websites of the Stock Exchange and our Company in due course.

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

Hong Kong, 30 August 2024

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