趣拿

趣 致 集 團
Qunabox Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0917

2024
ANNUAL REPORT

CONTENTS

COMPANY PROFILE

Qunabox Group Limited (趣致集團) is an exempted company incorporated in the Cayman Islands with limited liability on June 15, 2021 and was listed on the Main Board of the Stock Exchange on May 27, 2024.

We are the largest interactive machine-based marketing service provider in China, focusing on consumer goods industry. During the business operating process, we utilize our broad network of AI interactive terminals across China, which, by combing with our technology-backed online platform, allow us to provide target consumers with convenient and interesting experience in testing and accessing consumer goods that we serve, while successfully soliciting and completing necessary interaction and feedback. In particular, we have developed and equipped our terminals with various modules to facilitate interactive functions empowered by AI, big data and Internet of Things (IoT) technologies that are crucial for successful marketing events, including scent emitting, movement recognition and voice interaction, making efficient and interactive machine-based marketing services possible.

We merge offline and online channels with a complete and integrated system in the way to offer consumers an interesting experience on consumer goods, and to provide brand owners with multi-channel, one-stop and closed-loop marketing services, all of which are driven by our technological capability to achieve efficiency and accuracy. Placed at strategically chosen locations, the network of our AI interactive terminals serves as the offline touchpoints for consumers to get aware of, encounter, and/or pick up consumer goods that we serve, as well as the terminals to complete certain game-based tasks in order to obtain related consumer goods. In the meantime, our online platform, which comprises a mobile app named “Quna (趣拿)” and WeChat mini programs, allows us to attract and retain target consumers, where they can conveniently receive information on marketing events of our most recent consumer goods, complete designed online tasks, place order or pay a try-me discounted prices, prior to picking up relevant goods.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Ms. YIN Juehui *(Chairwoman and CEO)*
Mr. CAO Liwen
Mr. HUANG Aihua

Non-executive Directors

Mr. DAI Jianchun
Mr. CHEN Rui

Independent Non-executive Directors

Dr. CHE Lufeng
Mr. ZHU Lin
Dr. YANG Bo

JOINT COMPANY SECRETARIES

Ms. WANG Zan *(appointed on September 20, 2024)*
Ms. NG Sau Mei *(FCG, HKFCG)*
(appointed on September 20, 2024)
Mr. CHENG Xing *(resigned on September 20, 2024)*
Ms. FUNG Po Ting *(resigned on September 20, 2024)*

AUTHORIZED REPRESENTATIVES

Ms. YIN Juehui
Ms. NG Sau Mei *(appointed on September 20, 2024)*
Ms. FUNG Po Ting *(resigned on September 20, 2024)*

AUDIT COMMITTEE

Mr. ZHU Lin *(Chairperson)*
Dr. CHE Lufeng
Dr. YANG Bo

REMUNERATION COMMITTEE

Dr. YANG Bo *(Chairperson)*
Ms. YIN Juehui
Mr. ZHU Lin

NOMINATION COMMITTEE

Ms. YIN Juehui *(Chairperson)*
Dr. CHE Lufeng
Dr. YANG Bo

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

O' Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

COMPLIANCE ADVISER

Innovax Capital Limited
Room B, 13/F
Neich Tower
128 Gloucester Road
Wan Chai
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICES AND PRINCIPAL PLACES OF BUSINESS IN CHINA

17/F, Wentong International Plaza
398 Guiyang Road
Yangpu District
Shanghai
PRC

5–205, Building 5
No. 16 Angel Avenue
Anji County
Huzhou
Zhejiang
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.
Shanghai Hongqiao Sub-branch
1/F, No. 375 Weining Road
Changning District
Shanghai
PRC

Bank of Shanghai Co., Ltd.
Puxi Sub-branch
Lianhe Building
No. 261 Sichuan Middle Road
Huangpu District
Shanghai
PRC

STOCK CODE

0917

COMPANY'S WEBSITE

www.zzss.com

LISTING DATE

May 27, 2024

ANNUAL RESULTS HIGHLIGHTS

	For the year ended December 31,			
	2024	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**1,339,500**	1,006,697	553,617	502,368
– Marketing services	**1,097,443**	807,971	404,809	376,653
– Merchandise sales	**184,614**	144,320	111,333	104,962
– Other services	**57,443**	54,406	37,475	20,753
Gross profit	**749,787**	535,267	334,640	345,491
Adjusted profit (a non-IFRS measure)(1)	**251,176**	200,708	78,163	52,323
Adjusted EBITDA (a non-IFRS measure)(2)	**339,718**	280,242	154,642	107,158

Notes:

(1) Adjusted profit (a non-IFRS measure) is defined as profit or loss for the year by adding back the effects of (i) fair value losses on financial liabilities at FVTPL offset by fair value gains on financial assets at FVTPL; (ii) Stock Incentive Plan expense; and (iii) Listing expenses. Fair value losses on financial liabilities at FVTPL represent fair value losses relating to convertible redeemable preferred shares issued in our equity financings.

(2) Adjusted EBITDA (a non-IFRS measure) is defined as adjusted profit (a non-IFRS measure) for the year by adding back the effects of income tax expense, finance costs, bank interest income, and depreciation and amortization charges.

HIGHLIGHTS OF THE STATEMENT OF FINANCIAL POSITION

	For the year ended December 31,			
	2024	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	**201,978**	169,777	185,255	244,243
Total current assets	**1,904,368**	897,597	638,336	511,714
Total assets	**2,106,346**	1,067,374	823,591	755,957
Total non-current liabilities	**2,054**	1,268,416	1,326,882	971,104
Total current liabilities	**538,624**	166,901	70,369	245,209
Net current assets	**1,365,744**	730,696	567,967	266,505
Total liabilities	**540,678**	1,435,317	1,397,251	1,216,313
Net assets/(liabilities)	**1,565,668**	(367,943)	(573,660)	(460,356)
Non-controlling interests	**29,310**	19,882	155	187

CHAIRWOMAN'S STATEMENT

Dear Shareholders and Investors:

2024 marks the first financial year of Qunabox Group after its Listing. I would like to extend my gratitude to all of you for your valuable support and trust since initial public offering.

During the past year, we have seen the continuous influence on industrial empowerment of AI as a new productive force, accelerating the transformation of marketing industry. As a leading AI interactive marketing service provider, Qunabox Group has achieved sustained rapid growth by proactively seizing opportunities arising in the market. In 2024, our revenue amounted to RMB1,339.5 million, representing an increase of 33.1% year-on-year; our gross profit increased by 40.1% year-on-year to RMB749.8 million; and our adjusted EBITDA reached RMB339.7 million, representing an increase of 21.2% year-on-year.

Focusing on AI interaction has been one of our core strategies. We continue to increase investment in this sector to promote innovation in AI hardware and software, enrich our AI interactive marketing product lines, expand application scenarios, and strive to provide brand customers with end-to-end, innovative, and efficient marketing solutions across the entire value chain. In 2024, our research and development expenses increased by 44.7% year-on-year compared to last year, yielding fruitful technological achievements and product conversions. We have launched three major AI marketing products, including digital human shopping guide based on AI large language models, AI tactile interaction and AI emotion recognition. In addition, we have made comprehensive upgrade for and expanded the applications of original visual, auditory, olfactory and motor capabilities of AI interactive terminals. These innovations have driven our AI interactive model to progress towards multi-sensory interaction capacity, and significantly improved the intelligence and user experience of those interactions, enabling our AI interactive marketing solutions to serve our brand customers better.

CHAIRWOMAN'S STATEMENT

"Customer-orientation" has always been our service tenet since our incorporation. It is crucial for us to cooperate with our brand customers against market challenges. Leveraging on our excellent service capabilities backed up by our persistent efforts, we have established a good reputation in the industry by providing customers with quality services. Benefiting from this, in 2024, while maintaining a good cooperative relationship with existing customers, we have further expanded our service scope into new energy vehicles and household appliances industries, both of which demonstrate great development potential and are supported by favorable policies. In the past year, the number of brand customers served by us increased to 294, and the number of KA customers increased to 50. The average revenue per KA customer increased by 30.1% year-on-year.

In 2024, Qunabox Group incorporated internationalization and diversification into its core development strategy. On one hand, we established an overseas business department at group level to accelerate the exploration of the Middle East and Singapore markets. On the other hand, in 2025, for improving the AI-based interactive service ecosystem, we will initiate strategic mergers and acquisitions, to further integrate resources and expand the synergistic effects across business sectors, thereby achieving high-quality diversified development. Meanwhile, we will consistently embrace our mission to "simplify brand incubation and deliver unparalleled enjoyment".

Finally, I would like to take this opportunity to express my appreciation for all the trust and support from our consumers, partners, Shareholders and investors. Let's work together towards a promising future.

Chairwoman
YIN Juehui

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

In 2024, China's economy sustained its growth at a stable pace, with the Gross Domestic Product (GDP) exceeding RMB130 trillion, representing a year-on-year growth of 5.0%. Despite facing certain headwinds, the domestic consumption market continued to show a steady development trend, supported by a series of incremental policy measures. The food and beverage sector, which is the core service of the Group and essential to people's livelihoods, demonstrated remarkable resilience, with total retail sales in this sector increasing by 8.8% year-on-year. This industry has long-term and stable marketing demands. The new energy vehicles and household appliances sectors, newly positioned by the Group, have demonstrated strong growth momentum, driven by the trend of intelligent upgrading and supported by the national trade-in subsidy policy. The sales volume of the new energy vehicles achieved a year-on-year increase of 35.5%, and the gross sales of the household appliances and audio-visual equipment achieved a year-on-year increase of 12.3%. Driven by this, the marketing demands of related industries have grown rapidly.

On the other hand, with the rapid development and popularization of various domestic AI large models represented by DeepSeek, the integration of the marketing industry with AI and big data technologies is becoming increasingly profound. Its empowerment of the industry has evolved from marketing content creation and efficiency enhancement of placement and operations to revolutionizing marketing interaction modes and advancing the intelligence of offline marketing carrier. AI has now become an important engine driving the development of new-quality productive forces in the marketing industry, steering the entire industry towards greater efficiency and personalization. On the demand side, brand owners are demonstrating a growing acceptance and recognition of AI + marketing, the application scenarios are increasingly expanding, and the market demand is currently showing a trend of rapid growth.

As China's leading AI interactive marketing service provider, the Group continuously increases investment in fields such as AI interaction, promotes the innovation of software and hardware technologies and services, enriches the product portfolio of the Group's AI interactive marketing services, expands the application scenarios of related service products, and accelerates the commercial implementation of the first-developed AI + marketing model. The Group has consistently embraced the mission of "simplify brand incubation and deliver unparalleled enjoyment", providing brand customers with comprehensive marketing solutions that use AI interactive terminals as the touchpoints, seamlessly integrate both online and offline channels, and are suitable for a variety of scenarios. At the same time, the Group also actively responds to the national call for developing the debut economy, comprehensively assists enterprises in incubating new products with AI interactive marketing services which are efficient and innovative as well as rich data strategy products, striving to become a key driving force in the development of the industry.

During the Reporting Period, the Group maintained a good growth momentum by the diversified expansion of the service industry, the enhanced development and conversion of high-margin products such as AI interactive marketing, the expanded collaboration scope with customers and efficient operations. The Group recorded revenue of RMB1,339.5 million during the Reporting Period, representing a year-on-year increase of 33.1%; the gross profit increased to RMB749.8 million, representing a year-on-year growth of 40.1%. From 2021 to 2024, the Group continuously achieved double-digit growth in both revenue and gross profit with a compound annual growth rate of 38.7% and 29.5%, respectively.

During the Reporting Period, adjusted earnings before interest, taxes, depreciation and amortization ("**EBITDA**") totaled RMB339.7 million, representing a year-on-year increase of 21.2%, which was mainly influenced by the Group's increased investment in R&D in the fields of AI interaction and big data to construct technological barriers and enhance its long-term profitability.

As of December 31, 2024, the Group was in a strong financial position with cash and cash equivalents amounting to RMB892.0 million, reflecting the stability of the financial position and the adequacy of liquidity.

BUSINESS SEGMENT PERFORMANCE

Marketing Services

During the Reporting Period, the revenue from this segment reached RMB1,097.4 million, representing a year-on-year increase of 35.8%; the gross profit was RMB679.5 million, representing a year-on-year increase of 41.7%. Among them, the revenue from the standard marketing services reached RMB919.7 million, representing a year-on-year increase of 32.9%, with a gross profit margin of 56.5%; the revenue from the value-added marketing services, which include customized AI interactive marketing services and data strategy services, reached RMB177.8 million, representing a year-on-year increase of 53.5%, with a gross profit margin of 90.1%.

The Group's business growth is primarily driven by the high-quality, stable and diversified brand customer base and the continuously expanding service scope.

During the Reporting Period, relying on its innovative and efficient business model, strong service capabilities, solid industry reputation and dedicated efforts of the team, the Group not only maintained good cooperative relationships with existing customers, but also further expanded its service scope to the new energy vehicle and household appliance industries which have high development potential and are strongly supported by policies. During the Reporting Period, the number of brand customers served by the Group further increased to 294, and the number of KA customers increased to 50.

At the same time, the Group delved deep into unlocking the potential of high-quality customers. By enriching AI interactive marketing and data strategy products, expanding the application scenarios of services, and optimizing the marketing product portfolio and service model, the Group further expanded the scope of cooperation with KA customers. During the Reporting Period, the average revenue per KA customer increased to RMB18.0 million, representing a year-on-year increase of 30.1%.

Substantial investment in technological R&D and innovation, as well as continuous data accumulation, serve as the cornerstone for the Group to continuously enhance the competitiveness of our products and services in the industry.

In terms of technological R&D and innovation, as China's leading AI interactive marketing service provider, the Group significantly increased its effort to the development of AI interactive marketing and data products during the Reporting Period. The R&D investment increased by 44.7% year-on-year compared to last year, yielding fruitful technological achievements and product conversions.

During the Reporting Period, the Group launched and successfully commercialized several AI interactive and big data products, including: **(i) digital human shopping guide based on AI large language models:** the Group utilized the scenario data, product data and registered user data accumulated during the business process to conduct targeted training and optimization of the general large language model, enabling it to better meet the needs of the marketing industry. Leveraging this technological achievement and the edge computing capabilities inherent in the Group's AI interactive marketing terminals, we successfully deployed digital human shopping guides empowered by AI large language models and marketing capabilities offline. These shopping guides can provide highly personalized product recommendations based on the specific scenarios, and needs and profiles of users, further enriching the mode of AI interactive marketing, expanding the advertising sales resources of the offline AI interactive marketing terminals, and providing users with more novel and interesting marketing experiences; **(ii) AI tactile interaction:** based on the original visual, auditory, olfactory and motor capabilities, the Group further expanded the multi-sensory interaction capabilities of the AI interactive marketing terminals to the sense of touch, driving their evolution towards full-sensory interaction. This brings users a more immersive and comprehensive marketing experience and provides brands with more options for innovative marketing activities; **(iii) AI emotion recognition:** the Group successfully expanded the application of emotion recognition technology in AI interactive marketing terminals. This technology can dynamically identify various emotions expressed by users, leading the industry in facial feature recognition and micro-expression dynamic assessment. As a result, the interactive games of the Group can offer a superior experience for brand owners and consumers, and thus obtain a richer consumer behavior analytics; and **(iv) flavor database and pre-scoring service for beverages and snack food:** the Group continues to drive the value extraction of the platform data and the commercialization of data products. Through the integration and analysis of user feedback and sales data accumulated on the platform over the years, the Group has further enriched the industry database and launched a new flavor database and pre-scoring service of new products for beverages and snack food, aiming to help beverage and snack food brands quickly screen new flavors during their development phase, accelerate their R&D process, and increase the success rate.

During the Reporting Period, the products and services upgraded and optimized by the Group include: **(i) optimized olfactory interaction experience:** a visual atomization effect has been integrated into the scent diffusion module of the AI interactive marketing terminal, making scent emission more intuitive and enhancing the immersive experience for users; **(ii) upgraded and extended applications of scent emission, movement recognition and voice interaction:** by encouraging technical experts to deeply engage in the business practice of marketing activities design, the Group has successfully expanded the application scenarios and ranges for multi-sensory AI interactions, such as scent emission, movement recognition and voice interaction, optimized the interaction methods with consumers, and improved the adaptability to brand marketing activities; and **(iii) flexibility in combining standard marketing services and value-added marketing service modules:** leveraging our continuously enhanced technical and operational capabilities, the Group has been continuously advancing the modularization of the marketing system, enhancing the flexible combination ability among various service modules of standard marketing services and value-added marketing services, improving the business synergy and the comprehensive marketing effect, and strengthening our market competitiveness.

In terms of patents and copyrights, the Group has also achieved remarkable results. During the Reporting Period, the number of software copyrights registered in China increased to 127, and 10 new patent applications were submitted, both of which have built a solid technical barrier for the Group and further enhanced our market competitive strengths. Meanwhile, the entire system of the Group has passed the 2024 annual assessment of the National Hierarchical Protection of Information Security (Level III) and continues to obtain the relevant qualification certificates. Moving forward, the Group will continue to meet the regulatory requirements and improve the level of information security and credibility.

The continuous growth in the effectiveness of the Group's AI interactive terminal network, coupled with the team with rich industry experience are important guarantees for the Group to achieve an efficient business model and possess robust service capabilities.

During the Reporting Period, the Group has continued to enhance its efficiency of AI interactive terminal network. By organizing a team with rich industry experience to review city heat maps and development plans, conduct on-site visits to observe the population density and daily foot traffic, changes in the behavior of target consumers in the areas where the terminals are located, and take into account the characteristics of selected sites, the Group optimized the layout of the AI interactive terminal network, in order to enhance its ability to empower brand owners to strengthen their market influence and brand value, enhance their consumer acquisition capabilities, and obtain accurate, authentic and prompt consumer feedback. As a result, the marketing revenue per terminal significantly increased during the Reporting Period. In addition, by applying AI large language model, the Group has achieved automated analysis and digital processing of assets and related contract information, and has continued to improve the basic information platform, further integrated the information of the entire platform and achieved cross-platform and cross-system data integration and information sharing, thereby enhancing the operation automation capability and average employee productivity and significantly improving the efficiency of internal processes.

Merchandise Sales

During the Reporting Period, revenue from this segment amounted to RMB184.6 million, representing a year-on-year increase of 27.9%, and gross profit amounted to RMB43.7 million, representing a year-on-year increase of 47.1%.

During the Reporting Period, the growth in revenue and profit from the merchandise sales business was attributed to: (i) the full recovery of offline foot traffic in 2024 and the increase in consumers' demand for food and beverage consumption; (ii) significantly increasing the density of terminal network sites in high-potential cities such as Hangzhou, Chengdu and Chongqing; (iii) optimizing the product portfolio and increasing the variety and stock quantity of high-margin products; and (iv) leveraging the intelligent operation system to accurately identify locations with lower price-sensitivity, and replacing discount promotion activities with more entertaining interactive marketing activities to further enhance the profitability of the terminals.

Other Services

During the Reporting Period, revenue from this segment amounted to RMB57.4 million, representing a year-on-year increase of 5.6%, and gross profit amounted to RMB26.6 million, representing a year-on-year increase of 2.3%.

Other services mainly comprise IT system development and software development services, which are the auxiliary business segments of the Group. In light of the Group's strategic orientation of fully focusing on its core business, during the second half of 2024, the Group's technological R&D team shifted its focus entirely to the development of products and technologies of AI interaction and big data that support the core marketing business. As a result, the Group reduced the undertaking of projects in non-core areas to ensure that resources are concentrated on enhancing the technological innovation capabilities and market competitiveness of the core business.

LONG-TERM STRATEGIES AND OUTLOOK

Looking forward to 2025, with the increased policy support for the consumption industry and the growing influence of new-quality productive forces represented by AI and industrial robots in empowering China's economy, the optimization and upgrading of the consumption industry are expected to accelerate, injecting new impetus and growth potential into the market. The marketing industry is also expected to benefit from this and obtain new development opportunities.

As China's leading AI interactive marketing service provider, the Group will continue to increase its investment in the field of AI interaction to provide more innovative and efficient one-stop marketing solutions for global brand customers, and also offer more innovative and interesting AI interactive experiences for global consumers. We hope that through these efforts, we can not only promote the rapid development of the Group itself, but also introduce more innovative practices to the entire industry.

In addition, the Group will also actively promote the strategic layout of internationalization and diversification, accelerate the exploration of the Middle East and Singapore markets, and initiate strategic business mergers and acquisitions based on the Company's ecosystem to further integrate resources and expand the synergistic effects across business sectors, thereby achieving high-quality diversified development and establishing a comprehensive ecosystem of brand services.

In terms of internal management, the Group will also continuously improve network efficiency and operational capabilities, enhance the support of AI algorithms and big data technologies for the business, and continue to adhere to leveraging technology to empower operations, thus continuously improving overall efficiency.

Through the strategies above, we aim to achieve the long-term sustainable development of the Group, while also driving the innovation and development of the industry, thereby creating greater value for our Shareholders.

The prospects for new business is provided in the section headed "Chairwoman's Statement" of this annual report.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from RMB1,006.7 million for the year ended December 31, 2023 to RMB1,339.5 million for the year ended December 31, 2024, representing a year-on-year increase of 33.1%.

The increase was mainly attributable to several key factors: (i) China's economy experienced steady growth in 2024, along with supportive policies for the consumption market and the development of industries the Group served; (ii) the Group further expanded the service scope into new energy vehicles and household appliances industries, both of which have high development potential, driving continuous increase in the number of brand customers, and achieving high-quality and diversified expansion of the brand customer base; (iii) through substantial investment in technological R&D and innovation, the Group promoted the development and conversion of high-margin products such as AI interactive marketing and data products, continuously enriching the product line, developing application scenarios, and broadening its cooperation with high-quality brand costumers to promote the sustained growth in average revenue per KA customer; and (iv) the Group continuously enhanced the effectiveness of its AI interactive terminal network, increased the density of terminal network sites in high-potential cities, and drove the continuous growth of merchandise sales business through optimization of product selection and operational strategies.

Revenue by Business Segment

The Group generates revenue primarily from (i) marketing services, which further consisted of (a) standard marketing services and (b) value-added marketing services; (ii) merchandise sales; and (iii) other services. The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Revenue	**Gross profit margin**	**Percentage**	Revenue	Gross profit margin	Percentage
	RMB'000	**%**	**%**	*RMB'000*	%	%
Marketing services	**1,097,443**	**61.9**	**81.9**	807,971	59.4	80.3
– Standard marketing services	**919,690**	**56.5**	**68.6**	692,195	55.0	68.8
– Value-added marketing services	**177,753**	**90.1**	**13.3**	115,776	85.3	11.5
Merchandise sales	**184,614**	**23.7**	**13.8**	144,320	20.6	14.3
Other services	**57,443**	**46.4**	**4.3**	54,406	47.8	5.4
Total	**1,339,500**	**56.0**	**100.0**	1,006,697	53.2	100.0

(1) *Marketing Services*

Revenue generated from marketing services increased from RMB808.0 million for the year ended December 31, 2023 to RMB1,097.4 million for the year ended December 31, 2024, representing a year-on-year increase of 35.8%. This increase was primarily due to the business growth in both standard marketing services and value-added marketing services.

Among them, revenue from standard marketing services increased from RMB692.2 million for the year ended December 31, 2023 to RMB919.7 million for the year ended December 31, 2024, representing a year-on-year increase of 32.9%. The growth was mainly attributable to the Group's continuous enhancement of its service and operational capacity, which enabled the Group to flexibly respond to the changing market demands and industry trends, thereby maintaining a stable and quality customer base. At the same time, the Group continued to optimize its marketing product portfolio and service model to enhance service quality and customer experience, including providing richer AI interactive marketing and data strategy products, expanding wider service application scenarios, providing more efficient operation support and more in-depth customer demand exploration, so as to enhance customer stickiness and promote the continuous growth in contribution value of each customer. The number of the Group's KA customers who purchased standard marketing services increased from 47 for the year ended December 31, 2023 to 50 for the year ended December 31, 2024, and the Group's average revenue per KA customer that purchased standard marketing services increased from RMB11.8 million to RMB15.0 million.

Revenue from value-added marketing services increased from RMB115.8 million for the year ended December 31, 2023 to RMB177.8 million for the year ended December 31, 2024, representing a year-on-year increase of 53.5%. The growth was mainly attributable to the Group's continuous investment in the areas of AI interactive marketing and data strategy products, which have achieved significant results in the R&D of related technologies and realized effective conversions, such as digital human shopping guide based on AI large language models, AI tactile interaction, AI emotion recognition, a flavor database and pre-scoring service for beverages and snack food, etc. These technological achievements have effectively strengthened the competitiveness of the Group's value-added marketing services in the industry by enhancing the novelty and engagement of the user experience, expanding the interaction capability between AI interactive marketing terminals and users, improving the Group's industry database and leverage insights to better meet customer needs, and promoting the increase of the value contribution of each customer, thus fostering a virtuous cycle of mutual reinforcement between technology and commercial value. The number of the Group's customers who purchased value-added marketing services increased from 79 for the year ended December 31, 2023 to 83 for the year ended December 31, 2024, and the Group's average revenue per KA customer that purchased value-added marketing services increased from RMB3.3 million to RMB5.2 million.

(2) *Merchandise Sales*

Revenue from merchandise sales increased from RMB144.3 million for the year ended December 31, 2023 to RMB184.6 million for the year ended December 31, 2024, representing a year-on-year increase of 27.9%. The growth was primarily driven by the combination of a full recovery in offline traffic and a rebound in consumer demand in 2024. Meanwhile, the Group optimized its terminal network layout by focusing on increasing the density of network sites in high-potential cities such as Hangzhou, Chengdu and Chongqing, and utilized intelligent operating systems to analyze the features of each site, and formulated differentiated marketing strategies precisely, effectively improving the efficiency of sales conversion and driving the growth of revenue from merchandise sales.

(3) *Other Services*

Revenue generated from other services increased from RMB54.4 million for the year ended December 31, 2023 to RMB57.4 million for the year ended December 31, 2024, representing a year-on-year increase of 5.6%.

Other services mainly comprise IT system development and software development services, which are the auxiliary business segments of the Group. In light of the Group's strategic orientation of fully focusing on its core business, during the second half of 2024, the Group's technological R&D team shifted its focus entirely to the development of products and technologies of AI interaction and big data that support the core marketing business. As a result, the Group reduced the undertaking of projects in non-core areas to ensure that resources are concentrated on enhancing the technological innovation capabilities and market competitiveness of the core business.

Cost of Sales

Cost of sales increased by 25.1% from RMB471.4 million for the year ended December 31, 2023 to RMB589.7 million for the year ended December 31, 2024. The increase was primarily due to (i) an increase in information technology service fees from RMB263.3 million for the year ended December 31, 2023 to RMB373.4 million for the year ended December 31, 2024, primarily due to an increase in the sales of corresponding marketing services; and (ii) an increase in costs of inventories sold from RMB118.8 million for the year ended December 31, 2023 to RMB140.4 million for the year ended December 31, 2024, which was mainly due to the increase in sales of corresponding merchandise.

Benefiting from the efficient cost control measures implemented by the Group during the stable operation phase, although the cost of sales increased, its growth rate was lower than that of the revenue, supporting the continuous improvement of its gross profit margin.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by 40.1% from RMB535.3 million for the year ended December 31, 2023 to RMB749.8 million for the year ended December 31, 2024, primarily due to the increase in the Group's revenue as well as the control of its cost of sales. Gross profit margin was 56.0% and 53.2% for the years ended December 31, 2024 and 2023, respectively. The increase in the gross profit margin was mainly due to the increase in the gross profit margins of marketing services and merchandise sales.

The gross profit generated from marketing services increased from RMB479.5 million for the year ended December 31, 2023 to RMB679.5 million for the year ended December 31, 2024, representing an increase of 41.7%, mainly due to the increase in revenue from marketing services. The gross profit margin of marketing services increased from 59.4% for the year ended December 31, 2023 to 61.9% for the year ended December 31, 2024, primarily attributable to the efficient cost control measures implemented by the Group during the stable operation phase, which further enhanced the overall profitability. These efficient cost control measures were reflected in (i) accurately controlling and analyzing the sales situation at each site through the intelligent operation system, and optimizing the network layout of AI interactive terminals to improve the efficiency of it; and (ii) decreasing allocation to redundant assets by enhancing the automation capabilities of operations to improve the efficiency of asset utilization.

The gross profit generated from merchandise sales increased from RMB29.7 million for the year ended December 31, 2023 to RMB43.7 million for the year ended December 31, 2024, representing an increase of 47.1%, mainly due to the increase in revenue from merchandise sales. The gross profit margin of merchandise sales increased from 20.6% for the year ended December 31, 2023 to 23.7% for the year ended December 31, 2024, mainly because the Group (i) optimized the product portfolio and increased the variety and stock quantity of high-margin products; and (ii) utilized the intelligent operation system to accurately identify sites with lower price-sensitivity, and replaced discount promotion activities with more entertaining interactive marketing activities to further enhance the profitability of the terminals.

The growth of both gross profit and gross profit margin indicated that the Group has achieved a good balance between revenue growth and cost management, laying a solid foundation for sustainable development in the future.

Other Income and Gains

The Group's other income was primarily derived from government grants, exchange gains and interest income, etc. The Group's other income increased by 207.9% from RMB6.3 million for the year ended December 31, 2023 to RMB19.4 million for the year ended December 31, 2024, which was mainly attributable to (i) the increase in exchange gains arising from the fluctuations in exchange rates during the Reporting Period from RMB0.1 million for the year ended December 31, 2023 to RMB7.6 million for the year ended December 31, 2024; (ii) the increase in government grants from RMB1.8 million for the year ended December 31, 2023 to RMB7.0 million for the year ended December 31, 2024; and (iii) the increase in interest income from RMB0.2 million for the year ended December 31, 2023 to RMB4.2 million for the year ended December 31, 2024.

Selling and Distribution Expenses

Selling and distribution expenses increased by 32.1% from RMB239.3 million for the year ended December 31, 2023 to RMB316.1 million for the year ended December 31, 2024. The main contributor to this increase was marketing and promotion expenses, which increased by 54.7% from RMB148.5 million for the year ended December 31, 2023 to RMB229.8 million for the year ended December 31, 2024, primarily attributable to the increase in online and offline multi-channel marketing campaigns, which aimed to enhance the Group's brand awareness and image, develop and reach out to a wider range of potential customers, and promote the expansion of the Group's business scale.

Administrative Expenses

Administrative expenses increased by 26.8% from RMB54.5 million for the year ended December 31, 2023 to RMB69.1 million for the year ended December 31, 2024. The main contributors to this increase were (i) Listing expenses and consultancy fees related to the Global Offering; and (ii) employee benefit expenses.

(i) Listing expenses and consultancy fees increased from RMB30.1 million for the year ended December 31, 2023 to RMB39.6 million for the year ended December 31, 2024. Listing expenses were primarily used to cover the service fees incurred throughout the process of Listing according to the contractual schedule. Consultancy fees increased as a result of the Company's engagement of experienced consulting firms to review and formulate the Company's long-term development strategies to maintain its competitiveness; and

(ii) Employee benefit expenses increased from RMB9.8 million for the year ended December 31, 2023 to RMB10.9 million for the year ended December 31, 2024, mainly due to the Company's recruitment of skilled management and professionally qualified personnel to support the expansion of its business scale.

Finance Costs

Finance costs primarily consist of (i) interests on bank and other borrowings; and (ii) interests on lease liabilities. The Group's finance costs increased by RMB10.3 million from RMB1.6 million for the year ended December 31, 2023 to RMB11.9 million for the year ended December 31, 2024. This was mainly due to the fact that, in order to optimize the efficiency of capital allocation, the Company supplemented its domestic business operation needs with domestic loans, taking into account the interest rate environment in both domestic and overseas markets and the expected investment returns. Although there are sufficient funds upon the Listing, this is more conducive to liquidity and is in line with the Company's development strategy.

Research and Development Expenses

Research and development expenses increased by 44.7% from RMB63.3 million for the year ended December 31, 2023 to RMB91.5 million for the year ended December 31, 2024. The increase was primarily due to (i) increased investment in technological R&D related to the AI interaction equipped in AI interactive terminals, which aimed to enhance user experience and interactivity, and deliver a superior and cutting-edge consumer experience to customers; and (ii) increased investment in technological R&D in relation to optimization of the supply chain system, which aimed to enhance management efficiency and economic benefits to support the Group's expanding business scale.

Fair Value Changes of Convertible Redeemable Preferred Shares

The fair value changes of the Group's convertible redeemable preferred shares for the years ended December 31, 2024 and 2023 were losses of RMB1,899.4 million and RMB24.0 million, respectively. Such changes represented fair value adjustment resulting from the conversion of convertible redeemable preferred shares into ordinary shares, calculated based on the offering price on the Listing Date, the number of ordinary shares so converted and the exchange rate between HKD and RMB on the Listing Date. Such changes were non-cash, one-time fair value adjustment caused by the conversion of convertible redeemable preferred shares into ordinary shares upon Listing. Such one-time fair value adjustment only affected the profit and loss for such period, and it is expected that there will be no future gains or losses related to the valuation changes of these financial instruments.

Other Expenses and Losses

The Group's other expenses and losses primarily include losses on disposal of office supplies and terminals. The Group's other expenses increased by 57.1% from RMB2.1 million for the year ended December 31, 2023 to RMB3.3 million for the year ended December 31, 2024, which was primarily driven by higher fixed asset disposal expenses resulting from an increase in the number of the Group's terminal devices scrapped in 2024.

Income Tax Expenses

The Group's income tax expenses increased from RMB20.1 million for the year ended December 31, 2023 to RMB27.0 million for the year ended December 31, 2024 due to the increase in the Group's profit before income tax. Our effective tax rate increased from 10.0% for the year ended December 31, 2023 to 10.8% for the year ended December 31, 2024.

Loss for the Year

For the year ended December 31, 2024, the Group's loss for the year was RMB1,662.7 million, which was mainly due to the non-cash, one-time fair value change of RMB1,899.4 million caused by the conversion of 138,640,077 shares of convertible redeemable preferred shares into ordinary shares upon Listing. It is expected that there will be no future gains or losses related to the valuation changes of these financial instruments. For the year ended December 31, 2024, the Group's adjusted profit (a non-IFRS measure) totaled RMB251.2 million, representing a year-on-year increase of 25.1% and demonstrating the continuous improvement of profitability of the Group's operation.

Non-IFRS Measure – Adjusted Profit

To supplement its consolidated financial statements which are presented in accordance with IFRSs, the Group also uses adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. The Group believes that such measures provide investors and other persons with useful information to understand and evaluate the Group's consolidated results of operation in the same manner as such measures help the Group's management. However, the Group's adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results of operations or financial position as reported under IFRSs. The Group encourages you to review the financial information in its entirety and not rely on a single financial measure.

Adjusted profit (a non-IFRS measure) is defined as profit or loss for the year by adding back the effects of (i) fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**") offset by fair value gains on financial assets at FVTPL; (ii) Stock Incentive Plan expense; and (iii) Listing expenses. Fair value losses on financial liabilities at FVTPL represent fair value losses relating to convertible redeemable preferred shares issued in our equity financings. The convertible redeemable preferred shares were automatically converted into ordinary shares upon completion of the Global Offering. The Group has been successfully listed on the Stock Exchange on May 27, 2024, and the fair value changes resulting from the conversion of convertible redeemable preferred shares into ordinary shares, calculated based on the offering price on the Listing Date, the number of ordinary shares so converted and the exchange rate between HKD and RMB on the Listing Date, and the financial liabilities recognized as at December 31, 2023 was included in the fair value changes for the Reporting Period. Such changes are non-cash, one-time fair value adjustment caused by the conversion of convertible redeemable preferred shares into ordinary shares upon Listing, and it is expected that there will be no future gains or losses related to the valuation changes of these financial instruments. The Group excludes Stock Incentive Plan expense as such expenses are non-cash in nature and do not result in cash outflows. The Group also excludes Listing expenses with respect to the Global Offering. Adjusted EBITDA (a non-IFRS measure) is defined as adjusted profit (a non-IFRS measure) for the year by adding back the effects of income tax expense, finance costs, bank interest income, and depreciation and amortization charges. The following tables reconcile our adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) for the years presented.

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Reconciliation of (loss)/profit for the year and adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure)		
(Loss)/profit for the year	**(1,662,728)**	136,702
Add:		
Fair value losses on financial liabilities at FVTPL offset by fair value gains on financial assets at FVTPL	**1,877,991**	24,088
Stock Incentive Plan expense	**17,628**	14,634
Listing expenses	**18,285**	25,284
Adjusted profit (a non-IFRS measure)	**251,176**	200,708
Add:		
Income tax expense	**27,019**	20,134
Finance costs	**11,930**	1,611
Bank interest income	**(4,214)**	(238)
Depreciation and amortization charges	**53,807**	58,027
Adjusted EBITDA (a non-IFRS measure)	**339,718**	280,242

Inventories

The Group's inventories primarily consist of fast-moving consumer goods, such as beverages and food. Our inventory balance decreased from RMB27.8 million as of December 31, 2023 to RMB11.8 million as of December 31, 2024, primarily due to a further improvement in lean inventory management level. The inventory turnover days significantly decreased from 117.2 days as of December 31, 2023 to 65.3 days as of December 31, 2024.

Trade Receivables

The Group's trade receivables represent outstanding amounts receivable by the Group from customers primarily in connection with the provision of marketing services. Trade receivables increased from RMB494.0 million as of December 31, 2023 to RMB510.0 million as of December 31, 2024. The increase was primarily attributable to the expansion of our business scale. The Group's trade receivable turnover days decreased from 222.5 days as of December 31, 2023 to 172.3 days as of December 31, 2024. The Group established a credit control department to minimize our credit risk and maintain control over our outstanding receivables, and our management regularly reviews the settlement status of customers with relatively long credit terms with the aim of maintaining a good turnover of trade receivables.

Trade Payables

Trade payables mainly represent payables due to suppliers for purchasing merchandise, receiving services, etc. in the Group's daily operations. Trade payables increased from RMB11.5 million as of December 31, 2023 to RMB19.0 million as of December 31, 2024, primarily due to an increase in the balance of trade payables as a result of the expansion of the Company's business scale and the growth in the volume of merchandise transactions.

Prepayments, Deposits and Other Receivables – Current

Prepayments, deposits and other receivables are amounts paid in advance to suppliers, service providers, etc. in the Group's daily operations or arising from other transactional matters, which are expected to be recovered at some point in the future. These primarily consist of (i) prepayments to suppliers for purchasing merchandise and procuring services; and (ii) deposits and other receivables, primarily representing lease deposits and miscellaneous receivables.

Prepayments, deposits and other receivables increased from RMB76.8 million as of December 31, 2023 to RMB218.1 million as of December 31, 2024, mainly due to the increase in prepayments for our information technology service procurement. We strengthened our capability of utilizing social media platforms, which attracted and developed quality customers with sustained growth and simultaneously increased our procurement of third-party media resources. Such procurement usually requires prepayments according to industry practice.

Capital Expenditures

The Group's capital expenditures include payment for purchases of property, plant and equipment and the recognition of right-of-use assets in RMB. Among them, property, plant and equipment primarily consist of (i) AI interactive terminals; (ii) leasehold improvements; and (iii) transport equipment. Property, plant and equipment increased from RMB117.7 million as of December 31, 2023 to RMB134.6 million as of December 31, 2024. This was primarily due to the additional procurement of new AI interactive terminals of RMB70.8 million to support the expansion of the Company's business scale, partially offset by the decommission of AI interactive terminals due to the expiry of their useful lives and the provision of depreciation as of December 31, 2024 in accordance with the depreciation policy.

Right-of-use assets primarily represent leases of office premises and warehouses. The right-of-use assets increased from RMB2.4 million as of December 31, 2023 to RMB4.7 million as of December 31, 2024, which was primarily due to new lease agreements entered into by the Company for office premises and warehouse, partially offset by the provision of depreciation as of December 31, 2024.

FINANCIAL POSITION

The Group generally funds its business with cash generated from operating activities and bank borrowings. The Group's cash and cash equivalents increased from RMB299.0 million as of December 31, 2023 to RMB892.0 million as of December 31, 2024, primarily attributable to cash generated from our operating activities, bank borrowings and the net proceeds from the Global Offering.

The Group's primary sources of financing are bank borrowings and equity financing. As of December 31, 2024, the Group's bank borrowings amounted to RMB426.8 million (December 31, 2023: RMB133.4 million). As of December 31, 2024 and December 31, 2023, the bank and other borrowings were primarily denominated in RMB. For further details, please refer to note 24 to the consolidated financial statements.

Looking forward, we believe that through the integrated use of cash generated from operating activities, bank borrowings, the net proceeds from the Global Offering, and other funds raised from the capital markets from time to time, we will be able to meet our liquidity requirements.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total assets and multiplying by 100%. As of December 31, 2023, the Group's gearing ratio was 134.5% as compared with the gearing ratio of 25.7% as of December 31, 2024. The significant decrease in the gearing ratio was mainly due to the conversion of convertible redeemable preferred shares into ordinary shares upon Listing, which resulted in a one-off transfer of financial liabilities at fair value through profit or loss for such period on the books.

Pledge of Assets

As of December 31, 2024, the Group did not have any pledge of assets.

Contingent Liabilities

For the Reporting Period, the Group did not have any material contingent liabilities.

Foreign Currency Risk

The Group mainly operates its business in the PRC, and its transactions are mainly settled in RMB. As the Group does not have material financial assets or liabilities denominated in currencies other than the respective functional currencies of our operating entities, the management believes that the business does not have any significant exposure to foreign exchange risk. As of December 31, 2024, we did not hedge against foreign exchange fluctuations.

Credit Risk

The Group trades only with recognized and creditworthy third parties, and there is no requirement for collateral. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an ongoing basis, and our exposure to bad debts is not significant. We manage concentrations of credit risk based on customer/counterparty and industry sector.

Material Acquisition and Disposal

During the Reporting Period, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures.

Significant Investments Held and Future Prospects

As the Group did not have any single investment accounting for 5% or more of the total assets of the Group as of December 31, 2024, the Group did not hold any significant investments. As of December 31, 2024, the Group has no plans for any significant investments in the future.

Material Acquisitions and Future Plans for Major Investment

During the Reporting Period, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for material investment or acquisition of material capital assets or other businesses.

We will continue to extensively seek out potential strategic investment opportunities and pursue potential high-quality target businesses and assets that can bring synergies to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2024, the Group had a total of 186 employees (as of December 31, 2023: 187). For the Reporting Period, the total costs for the Group's employees amounted to RMB40.7 million (for the year ended December 31, 2023: RMB38.3 million). Our success depends on our ability to attract, retain and motivate qualified employees. We offer our employees a competitive remuneration package which includes salary, benefits, bonuses and incentives. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. As required by the PRC laws, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance, and to mandatory housing provident funds, for or on behalf of our employees. The Company operates the Stock Incentive Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Employees of the Group (including Directors) receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments.

To maintain the quality, knowledge and skill levels of our workforce, the Group provides continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. The Group also provides training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, as of the date of this annual report, there was no other subsequent event after the Reporting Period which has material impact to the Group.

DIRECTORS

Executive Directors

Ms. YIN Juehui (殷珏輝) ("**Ms. YIN**"), aged 49, is an executive Director, the Chairwoman and CEO. She founded our Group in July 2013 and has been serving as a director, chief executive officer and chairwoman of the board of Shanghai Quna since then. She was appointed as the Chairwoman since March 2014, the CEO in June 2021, and was redesignated as an executive Director on August 23, 2023. Ms. YIN has also served as the legal representative of Shanghai Quzhi and Shanghai Quxuan since December 2021 and March 2018 respectively. She served as an executive director and the general manager of Quzhi Xiamen from May 2015 to October 2021. She is responsible for supervising and providing overall management, operation and strategies of our Group.

Ms. YIN has more than 25 years of experience in the telecommunications and technology-related industry. From October 2003 to June 2013, she served as the general manager of Shanghai Suteng Information Technology Co., Ltd. (上海蘇騰信息科技有限公司). From March 1998 to March 2002, she worked as a manager at Jiangsu Telecom Company Limited (江蘇省電信有限公司).

Ms. YIN obtained her bachelor's degree in economics from Nanjing University (南京大學) in the PRC in June 1998. She further completed the EMBA program of the Cheung Kong Graduate School of Business (長江商學院) in the PRC in October 2023.

Ms. YIN is the sister of Ms. YIN Juelian (殷珏蓮), the chief financial officer of our Group.

Quzhi Xiamen is our former subsidiary which was dissolved on a voluntary basis by way of deregistration on April 24, 2022 due to cessation of its business. Ms. YIN confirmed that, to the best of her knowledge and belief, there was no wrongful act on her part leading to the deregistration of Quzhi Xiamen and as of the date of this annual report, no claims had been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the deregistration of Quzhi Xiamen.

Mr. CAO Liwen (曹理文) ("**Mr. CAO**"), aged 51, is an executive Director and a vice president of sales of our Group. He joined our Group in July 2013 as a vice president of sales and was appointed as our Director in September 2021. He was redesignated as an executive Director on August 23, 2023. He is responsible for daily operations, sales business, sales strategies and sales team management in our Group.

Mr. CAO has more than 23 years of sales experience. From November 2007 to September 2013, he served as a vice president of sales at Shanghai Suteng Information Technology Co., Ltd. Beijing Chaoyang Branch Company (上海蘇騰信息科技有限公司北京朝陽分公司) ("**Suteng Technology**"). From July 2001 to November 2007, he worked as a sales manager and then a sales director at Motorola Systems (China) Co., Ltd. Beijing Branch (摩托羅拉系統(中國)有限公司北京分公司).

Mr. CAO obtained his bachelor's degree in computer science and engineering from Beihang University (北京航空航天大學) in the PRC in July 1996.

Suteng Technology is a company dissolved on a voluntary basis by way of deregistration on April 7, 2015 due to cessation of its business. Mr. CAO confirmed that, to the best of his knowledge and belief, there was no wrongful act on his part leading to the deregistration of Suteng Technology and as of the date of this annual report, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of Suteng Technology.

Mr. HUANG Aihua (黃愛華) ("**Mr. HUANG**"), aged 48, is an executive Director and the chief technology officer of our Group. He joined our Group in April 2015 as the chief technology officer and was appointed as our Director in September 2021. He was redesignated as an executive Director on August 23, 2023. He is responsible for technological R&D for our products and day-to-day management of our R&D department.

Mr. HUANG has more than 18 years of experience in computer programming and software development. From March 2010 to April 2015, he served as a director and chief technology officer of Guangzhou Jiubang Digital Technology Co., Ltd. (廣州市久邦數碼科技有限公司). From 2007 to 2010, he worked at AT&T Mobile, responsible for mobile communication platform architecture design and software development.

Mr. HUANG obtained his bachelor's degree in science majoring in microelectronics from Peking University (北京大學) in the PRC in July 1998. He obtained his master's degree in microelectronics and solid state electronics from Peking University in June 2001. He further obtained his second master's degree in science from North Carolina State University in the United States in December 2003.

Non-executive Directors

Mr. DAI Jianchun (戴建春) ("**Mr. DAI**"), aged 48, is a non-executive Director. He joined our Group as a director of Shanghai Quna in March 2014. He was appointed as our Director in September 2021, and was redesignated as a non-executive Director on August 23, 2023.

Mr. DAI has more than 19 years of experience in capital markets and equity investment management. Since January 2020, he has served as a deputy general manager at Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司). Since February 2017, he has served as the representative of the executive partner of Suzhou Ferry Growth Investment Partnership (Limited Partnership) (蘇州源渡成長投資合夥企業(有限合夥)). From August 2013 to December 2019, he worked as an investment director at Wuxi Ferry Equity Investment Management Limited (無錫源渡股權投資管理有限公司). From April 2011 to July 2013, he worked as an investment director at Wuxi Ferry VC Consulting Limited (無錫沅渡創業諮詢有限公司). From April 2010 to March 2011, he worked as an investment director at Wuxi Ferry VC Consulting Co., Ltd. (無錫沅渡投資諮詢有限公司). From August 2002 to September 2006, he worked in the capital markets department at China Citic Bank Corporation Limited (中信銀行股份有限公司).

Mr. DAI obtained his bachelor's degree in management information systems from Tsinghua University (清華大學) in the PRC in July 2000. He obtained his master's degree in quantitative economics from Tsinghua University in the PRC in July 2002.

Mr. CHEN Rui (陳瑞) ("**Mr. CHEN**"), aged 51, is a non-executive Director. He joined our Group as a director of Shanghai Quna in October 2016. He was appointed as our Director in September 2021 and was redesignated as a non-executive Director on August 23, 2023.

Mr. CHEN has more than 24 years of experience in investment and management. Since February 2005, he has held multiple positions at Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司), including co-chief investment officer since April 2021, managing director from April 2015 to March 2021, executive director from October 2013 to March 2015, director from October 2010 to September 2013, vice president of the investment team from April 2008 to September 2010 and associate from February 2005 to March 2008. From June 1999 to November 2002, he successively worked as an engineer, manager of the engineering technology department and deputy general manager at Shenzhen Linker Industrial Co., Ltd. (深圳市菱科實業有限公司).

Since December 2023, Mr. CHEN has served as a non-executive director of Bloks Group Limited (布魯可集團有限公司), a company listed on the Stock Exchange on January 10, 2025 (stock code: 0325). Since October 2023, he has served as a non-executive director of Gambol Pet Group Co., Ltd. (乖寶寵物食品集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301498). Since December 2019, he has served as a non-executive director of Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), a company listed on the Stock Exchange (stock code: 6919).

Mr. CHEN obtained his bachelor's degree in science majoring in electronics and information systems from Shanxi University (山西大學) in the PRC in July 1997. He obtained his master's degree in business administration from Fordham University in the United States in February 2005.

Independent Non-executive Directors

Dr. CHE Lufeng (車錄鋒) ("**Dr. CHE**"), aged 54, is an independent non-executive Director. From November 2018 to June 2021, he served as an independent non-executive director of Shanghai Quna. He was appointed as an independent non-executive Director on August 23, 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Dr. CHE has more than 25 years of experience in scientific research. Since April 2016, he has worked as a professor at Zhejiang University (浙江大學). From November 1999 to April 2016, he worked as a postdoctoral fellow and then a researcher at the Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Sciences (中國科學院上海微系統與信息技術研究所).

Dr. CHE obtained his bachelor's degree in engineering majoring in machinery manufacturing process and equipment from the Changchun College of Optics and Fine Mechanics (長春光學精密機械學院) (currently known as Changchun University of Science and Technology (長春理工大學)) in the PRC in July 1993. He obtained his master's degree in electromechanical control and automation from the Changchun Institute of Optics, Fine Mechanics and Physics, China Academy of Sciences (中國科學院長春光學精密機械研究所) in the PRC in May 1996. He obtained his doctor's degree in mechanical engineering from Zhejiang University (浙江大學) in the PRC in October 1999. Dr. CHE has been certified by the Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳) as a professor since December 2016.

Mr. ZHU Lin (朱霖) ("**Mr. ZHU**"), formerly known as Mr. ZHU Xiaolin (朱小林), aged 51, is an independent non-executive Director. From November 2018 to June 2021, he served as an independent non-executive director of Shanghai Quna. He was appointed as an independent non-executive Director on August 23, 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Mr. ZHU has approximately 29 years of experience in accounting and consulting. Since March 2006, he has served as an executive director of Beijing Legendhouse Consulting Co. Ltd. (北京潤勤諮詢有限公司). Since December 2005, he has served as a partner of Beijing Legendhouse Certified Public Accountants (General Partnership) (北京潤衡會計師事務所(普通合夥)). From October 2003 to September 2005, he worked at PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司) with his last position being a senior manager of mergers and acquisitions department. From July 1995 to September 2003, he worked at PricewaterhouseCoopers Zhong Tian Co., Ltd. (普華永道中天會計師事務所(特殊普通合夥)) with his last position being a senior manager of the audit department.

Mr. ZHU has also held directorships in certain listed companies. Since October 2020, he has served as a non-executive director of Jiangsu Changshu Automotive Trim Group Co., Ltd. (江蘇常熟汽飾集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603035). Since June 2020, he has served as an independent non-executive director of Archosaur Games Inc. (祖龍娛樂有限公司), a company listed on the Stock Exchange (stock code: 9990). Since March 2015, he has served as an independent non-executive director of Tsaker New Energy Tech Co., Limited (彩客新能源科技有限公司) (formerly known as Tsaker Chemical Group Limited (彩客化學集團有限公司)), a company listed on the Stock Exchange (stock code: 1986). From November 2020 to August 2022, he served as an independent non-executive director of Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), a company listed on the Stock Exchange (stock code: 6677). From September 2017 to May 2021, he served as an independent director of Sinostar Cable CO., LTD. (中辰電纜股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300933).

Mr. ZHU obtained his bachelor's degree in overseas financial accounting from the Central College of Fiscal and Finance (中央財政金融學院) (currently known as the Central University of Finance and Economics (中央財經大學)) in the PRC in June 1995. He has been certified by The Chinese Institute of Certified Public Accounts (中國註冊會計師協會) as a certified public accountant since February 2000.

Dr. YANG Bo (楊波) ("**Dr. YANG**"), aged 49, is an independent non-executive Director. He was appointed as an independent non-executive Director on August 23, 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Dr. YANG has more than 26 years of experience in education. Since April 2023, he has served as an independent director of Suning.com Co., LTD. (蘇寧易購集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002024). Since June 1998, he has worked at Nanjing University Business School (南京大學商學院), with his current position being an associate professor.

Dr. YANG obtained his bachelor's degree in economics majoring in business management from Nanjing University (南京大學) in the PRC in June 1998. He further obtained his master's degree in business administration from the Maastricht School of Management in the Netherlands in August 2002. He obtained another master's degree in economics majoring in finance from Nanjing University in June 2003. He further obtained his doctor's degree in finance from Nanjing University in June 2009. Dr. YANG obtained his teaching qualification for higher education from the Jiangsu Education Department (江蘇省教育廳) in November 2010.

SENIOR MANAGEMENT

Ms. YIN Juehui (殷珏輝) is an executive Director, the Chairwoman and CEO. Please refer to her biography in the paragraph headed "Directors and Senior Management – Executive Directors" in this section.

Mr. CAO Liwen (曹理文) is an executive Director and a vice president of sales of our Group. Please refer to his biography in the paragraph headed "Directors and Senior Management – Executive Directors" in this section.

Mr. HUANG Aihua (黃愛華) is an executive Director and the chief technology officer of our Group. Please refer to his biography in the paragraph headed "Directors and Senior Management – Executive Directors" in this section.

Ms. YIN Juelian (殷珏蓮), aged 47, is the chief financial officer of our Group. She joined our Group in July 2013 as a deputy general manager of Shanghai Quna and was appointed as the chief financial officer of the Group on August 23, 2023. She has also served as the legal representative of Shanghai Quleduo since August 2021 and a Director from September 2021 to June 2023.

Ms. YIN Juelian has more than 25 years of experience in trade management. From September 2004 to June 2013, she worked as a deputy general manager at Nanjing Lingyi New Technology Co., Ltd. (南京靈翼新科技有限公司). From August 1999 to August 2003, she worked as an export manager at Jiangsu Holly Corporation (江蘇弘業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600128).

Ms. YIN Juelian obtained her bachelor's degree in engineering majoring in industrial foreign trade from the Nanjing University of Science and Technology (南京理工大學) in the PRC in July 1999.

Ms. YIN Juelian is the sister of Ms. YIN, an executive Director, the Chairwoman and CEO.

REPORT OF DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

GLOBAL OFFERING

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021, the Shares of which were listed on the Main Board of the Stock Exchange on May 27, 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in marketing services, merchandise sales and other services. The analysis of the Group's principal activities for the year ended December 31, 2024 is set out in note 1 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 79 of this annual report.

FINAL DIVIDEND

The Board resolved not to declare any final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

DIVIDEND POLICY

We may declare and pay dividends by way of cash or by other means that we consider appropriate in the future. Distribution of dividends shall be formulated by the Board at its discretion and will be subject to Shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under IFRS, the Articles of Association, the Companies Act of the Cayman Islands and any other applicable laws and regulations and other factors that the Directors may consider relevant. In addition, declaration and/or payment of dividends may be limited by statutory restrictions and/or by financing agreements that we may enter into in the future.

BUSINESS REVIEW

A pertinent review of the Group's business and a discussion and analysis of the Group's results for the year (using key financial performance indicators), and the significant factors affecting its results and financial position and the prospects for the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 9 to 24 of this annual report.

An account of the Group's key relationships with its key stakeholders is provided in the sections headed "Chairwoman's Statement" and "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the Reporting Period using financial key performance indicators is set out in the section headed "Management Discussion and Analysis" of this annual report.

The Group is committed to enhancing governance, promoting employee benefits and development, protecting the environment, fulfilling social responsibility and achieving sustainable growth. The Group has complied with the relevant laws and regulations that have significant impacts on the operations of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The continued growth of our future performance depends on our ability to effectively address the challenges posed by the following risks and uncertainties:

- respond to competitive market conditions;
- respond to evolving consumer preferences, market trends or industry changes;
- respond to changes in the regulatory environment and manage the associated legal risks; and
- maintain effective control of our costs and expenses and achieve operational efficiency.

FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group during the last four financial years is set out on pages 5 to 6 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on May 27, 2024. The net proceeds raised from the Global Offering, after deduction of the underwriting commissions, fees and estimated expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$420.51 million (the "**Net Proceeds**").

As of the date of this annual report, there was no change in the intended use of Net Proceeds and the expected timeline as previously disclosed in the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in the Prospectus. The following table sets forth a summary of the utilization of the Net Proceeds as of December 31, 2024:

	Net Proceeds				
Planned use of the Net Proceeds	**Percentage to total Net Proceeds**	**Net Proceeds incurred from the Global Offering** *(HK$ in million)*	**Actual amount of Net Proceeds utilized during the period from the Listing Date to December 31, 2024** *(HK$ in million)*	**Unutilized amount as of December 31, 2024** *(HK$ in million)*	**Expected timeline for full utilization of the remaining Net Proceeds**
Expand terminal network and increase market penetration	**32.0%**	**134.56**	**53.19**	**81.37**	**December 31, 2027**
– Expansion of terminal network across tier one and new tier one cities in China	24.0%	100.92	39.65	61.27	December 31, 2027
– Placement costs of new locations intended for the installation of additional terminals	8.0%	33.64	13.54	20.10	December 31, 2027
Provide enhanced marketing service	**13.0%**	**54.67**	**11.68**	**42.99**	**December 31, 2027**
– Expand the Group's user pool and continue to enhance the Group's membership system	10.0%	42.05	10.57	31.48	December 31, 2027
– Recruit additional marketing planning personnel	3.0%	12.62	1.11	11.51	December 31, 2027

Planned use of the Net Proceeds	Percentage to total Net Proceeds	Net Proceeds incurred from the Global Offering (HK$ in million)	Actual amount of Net Proceeds utilized during the period from the Listing Date to December 31, 2024 (HK$ in million)	Unutilized amount as of December 31, 2024 (HK$ in million)	Expected timeline for full utilization of the remaining Net Proceeds
Expand the Group's brand customer base by enhancing the Group's brand awareness	**15.0%**	**63.08**	**19.07**	**44.01**	**December 31, 2026**
– Expand the Group's brand customer base and promote the "Quna (趣拿)" brand	10.0%	42.05	16.53	25.52	December 31, 2026
– Recruit business development personnel	5.0%	21.03	2.54	18.49	December 31, 2026
Enhance the Group's technological capabilities and R&D efforts	**20.0%**	**84.10**	**23.74**	**60.36**	**December 31, 2027**
– Further enhance the Group's R&D investments	10.0%	42.05	11.63	30.42	December 31, 2027
– Strengthening the construction of digital systems within the Group's internal operations	5.0%	21.03	7.14	13.89	December 31, 2026
– Recruiting experienced technical and R&D personnel	5.0%	21.03	4.97	16.06	December 31, 2027
Pursuing strategic alliances and acquisitions	**10.0%**	**42.05**	**8.66**	**33.39**	**December 31, 2027**
For general working capital and general corporate purposes	**10.0%**	**42.05**	**11.55**	**30.50**	**Not applicable**
Total	**100.0%**	**420.51**	**127.89**	**292.62**	

The Group will gradually utilize the Net Proceeds in accordance with the intended purposes set out in the Prospectus.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We maintained a good working relationship with our employees and we did not experience any labour disputes for our operations during the Reporting Period.

Major Customers

For the year ended December 31, 2024, the transaction amounts of the Group's top five customers accounted for 21.6% (2023: 15.2%) of the Group's total revenue while the transaction amounts of our single largest customer accounted for 6.9% (2023: 3.5%) of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2024, the transaction amounts of the Group's top five suppliers accounted for 28.2% (2023: 30.5%) of the Group's total purchases while the transaction amounts of our single largest supplier accounted for 9.6% (2023: 10.1%) of the Group's total purchases.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares) was interested in the top five customers or suppliers of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2024 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on page 82 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company's reserves available for distribution amounted to approximately RMB1,536.3 million (as at December 31, 2023: nil).

BANK BORROWINGS

Details of bank loans and other borrowings of the Company and the Group as at December 31, 2024 are set out in note 24 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:
Ms. YIN Juehui *(Chairwoman and CEO)*
Mr. CAO Liwen
Mr. HUANG Aihua

Non-executive Directors:
Mr. DAI Jianchun
Mr. CHEN Rui

Independent Non-executive Directors:
Dr. CHE Lufeng
Mr. ZHU Lin
Dr. YANG Bo

In accordance with article 26.4 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. In addition, a retiring Director shall retain office until the conclusion of the annual general meeting at which such Director retires and shall be eligible for re-election at such meeting. Accordingly, Mr. CAO Liwen, Mr. CHEN Rui and Dr. CHE Lufeng shall retire by rotation, and being eligible and willing to offer themselves for re-election at the forthcoming annual general meeting of the Company.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 25 to 29 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent throughout the year ended December 31, 2024 and remain so as at the date of this annual report.

PARTICULARS OF DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of our executive Directors and non-executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month's prior notice in writing.

Each of our independent non-executive Directors has entered into an appointment letter with us for an initial term of three years from the Listing Date until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other party not less than one month's prior notice in writing.

None of the Directors has entered into any service contract or appointment letter which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

For the year ended December 31, 2024 and up to the date of this annual report, none of the Directors had any material interest, directly or indirectly, in any significant transactions, arrangements or contracts entered into by the Company or any of its subsidiaries or fellow subsidiaries that are material to the Group's business.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Reporting Period and up to the date of this annual report.

REMUNERATION POLICY

The Remuneration Committee was set up for reviewing the Group's remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management of the Group and comparable market practices.

Details of the remuneration of the Directors and the five highest-paid individuals during the Reporting Period are set out in notes 8 and 9 to the consolidated financial statements respectively.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 2.4 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at December 31, 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares held[1]	Approximate percentage of interest in the Company's issued share capital[2]
Ms. YIN Juehui	Founder of a trust who can influence how the trustee exercise her discretion[3]	72,294,252	27.52%
	Beneficial of a trust[3]	72,294,252	27.52%
	Interest held jointly with another person[9]	30,867,144	11.75%
	Beneficial owner[4]	2,500,000	0.95%
Mr. CAO Liwen	Founder of a trust who can influence how the trustee exercise his discretion[5]	8,819,184	3.36%
	Beneficial of a trust[5]	8,819,184	3.36%
	Interest held jointly with another person[9]	94,342,212	35.91%
	Beneficial owner[6]	2,500,000	0.95%
Mr. HUANG Aihua	Interest of controlled corporation[7]	4,409,592	1.68%
	Interest held jointly with another person[9]	98,751,804	37.59%
	Beneficial owner[8]	4,000,000	1.52%

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated based on the total number of 262,705,446 Shares in issue as at December 31, 2024.

(3) As at December 31, 2024, Beyond Branding is wholly owned by Jovie Holding Limited, which is in turn wholly owned by Trident Trust Company (HK) Limited ("**Trident Trust**"), Trident Trust serves as the trustee of the Jovie Trust, a trust established by Ms. YIN (as both settlor and beneficiary). As such, Ms. YIN is deemed to have an interest in the Shares held by Beyond Branding under the SFO.

(4) These Shares represent Ms. YIN's entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to her under the Stock Incentive Plan, subject to the terms and conditions of these options.

(5) As at December 31, 2024, Kiosk Joy is wholly owned by Iwan Holding Limited, which is in turn wholly owned by Trident Trust, Trident Trust serves as the trustee of the Liwen Trust, a trust established by Mr. CAO (as both settlor and beneficiary). As such, Mr. CAO is deemed to have an interest in the Shares held by Kiosk Joy under the SFO.

(6) These Shares represent Mr. CAO's entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(7) As at December 31, 2024, NeoBox is wholly owned by NeoWay Holding Limited, which is in turn wholly owned by Mr. HUANG. As such, each of NeoWay Holding Limited and Mr. HUANG is deemed to be interested in the Shares held by NeoBox under the SFO.

(8) These Shares represent Mr. HUANG's entitlement to receive up to 4,000,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(9) On June 27, 2023, Ms. YIN, Ms. YIN Juelian (殷珏蓮), Mr. CAO, Mr. WU Wenhong (吳文洪), Mr. HUANG and Mr. QIAN Jun (錢俊) entered into an acting-in-concert agreement, pursuant to which the signing parties have confirmed that they had been acting in concert by aligning their votes and following under Ms. YIN's direction when exercising voting rights at the Group's shareholders' meetings since having interests in Shanghai Quna.

Save as disclosed above, as at December 31, 2024, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, neither the Company nor any of its subsidiaries entered into any arrangements during the Reporting Period that would enable any Director or their spouses or children under the age of 18 to benefit from acquiring Shares or debentures of the Company or any other corporate body. Furthermore, no Director nor any of their spouses or children under 18 was granted any rights to subscribe for equity or debt securities of the Company or any other corporate body, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at December 31, 2024, to the best knowledge of the Directors, the following persons (not being a Director or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares held[(1)]	Approximate percentage of interest in the Company's issued share capital[(2)]
Beyond Branding[(3)]	Beneficial owner	72,294,252	27.52%
	Interest held jointly with another person[(12)]	30,867,144	11.75%
Jovie Holding Limited[(3)]	Interest of controlled corporation	72,294,252	27.52%
	Interest held jointly with another person[(12)]	30,867,144	11.75%
Q-robot Holding Limited ("**Q-robot**")[(4)]	Beneficial owner	8,819,184	3.36%
	Interest held jointly with another person[(12)]	94,342,212	35.91%
Helenatest Holding Limited[(4)]	Interest of controlled corporation	8,819,184	3.36%
	Interest held jointly with another person[(12)]	94,342,212	35.91%
Ms. YIN Juelian (殷珏莲)[(4)]	Founder of a trust who can influence how the trustee exercise her discretion	8,819,184	3.36%
	Beneficiary of a trust (other than a discretionary interest)	8,819,184	3.36%
	Interest held jointly with another person[(12)]	94,342,212	35.91%
	Beneficial owner[(5)]	2,516,224	0.96%
Kiosk Joy[(6)]	Beneficial owner	8,819,184	3.36%
	Interest held jointly with another person[(12)]	94,342,212	35.91%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of interest in the Company's issued share capital[2]
Iwan Holding Limited[6]	Interest of controlled corporation	8,819,184	3.36%
	Interest held jointly with another person[12]	94,342,212	35.91%
INSIGMA Limited ("**INSIGMA**")[7]	Beneficial owner	4,409,592	1.68%
	Interest held jointly with another person[12]	98,751,804	37.59%
Mr. WU Wenhong (吳文洪)[7]	Interest of controlled corporation	4,409,592	1.68%
	Interest held jointly with another person[12]	98,751,804	37.59%
	Beneficial owner[8]	1,000,000	0.38%
NeoBox[9]	Beneficial owner	4,409,592	1.68%
	Interest held jointly with another person[12]	98,751,804	37.59%
NeoWay Holding Limited[9]	Interest of controlled corporation	4,409,592	1.68%
	Interest held jointly with another person[12]	98,751,804	37.59%
Q-robot shop Limited ("**Q-robot shop**")[10]	Beneficial owner	4,409,592	1.68%
	Interest held jointly with another person[12]	98,751,804	37.59%
Mr. QIAN Jun (錢俊)[10]	Interest of controlled corporation	4,409,592	1.68%
	Interest held jointly with another person[12]	98,751,804	37.59%
	Beneficial owner[11]	2,500,000	0.95%
Trident Trust	Trustee[3]	72,294,252	27.52%
	Trustee[4]	8,819,184	3.36%
	Trustee[6]	8,819,184	3.36%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of interest in the Company's issued share capital[2]
Shanghai Yuanjizhi Enterprise Management, L.P.* (上海源及致企業管理合夥企業(有限合夥)) ("**Shanghai Yuanjizhi**")[13]	Beneficial owner Interest held jointly with another person	4,000,020 28,301,790	1.52% 10.77%
Wuxi Ferry Phase II Investment Co., Ltd.* (無錫源渡二期投資有限公司) ("**Ferry Phase II Investment**")[13]	Interest of controlled corporation Interest held jointly with another person	4,000,020 28,301,790	1.52% 10.77%
Shanghai Chuiying Enterprise Management Partnership (Limited Partnership)* (上海垂穎企業管理合夥企業(有限合夥)) ("**Shanghai Chuiying**")[13]	Interest of controlled corporation Interest of controlled corporation Interest held jointly with another person	4,000,020 6,999,954 21,301,836	1.52% 2.66% 8.11%
Wuxi Ferry Phase II Venture Capital Investment Partnership (Limited Partnership)* (無錫源渡二期創業投資合夥企業(有限合夥)) ("**Ferry Phase II**")[13]	Interest of controlled corporation Interest held jointly with another person	4,000,020 28,301,790	1.52% 10.77%
Shanghai Yuanyuqu Enterprise Management, L.P.* (上海源與趣企業管理合夥企業(有限合夥)) ("**Shanghai Yuanyuqu**")[13]	Beneficial owner Interest held jointly with another person	21,301,836 10,999,974	8.11% 4.19%
Wuxi Ferry Venture Capital Investment Management Limited* (無錫源渡股權投資管理有限公司) ("**Wuxi Ferry**")[13]	Interest of controlled corporation Interest held jointly with another person	21,301,836 10,999,974	8.11% 4.19%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of interest in the Company's issued share capital[2]
Wuxi Ferry Phase I Venture Capital Investment Partnership (Limited Partnership)* (無錫源渡一期創業投資合夥企業(有限合夥)) ("**Ferry Phase I**")[13]	Interest of controlled corporation Interest held jointly with another person	21,301,836 10,999,974	8.11% 4.19%
Mr. JIN Yong (金勇)[13]	Interest of controlled corporation Interest held jointly with another person	21,301,836 10,999,974	8.11% 4.19%
Shanghai Yuanqu Enterprise Management, L.P.* (上海源趣叁期企業管理合夥企業(有限合夥)) ("**Ferry Phase III**")[13]	Beneficial owner Interest held jointly with another person	6,999,954 25,301,856	2.66% 9.63%
Wuxi Ferry Weilun Enterprise Management Partnership (Limited Partnership)* (無錫源渡偉倫企業管理合夥企業(有限合夥)) ("**Ferry Weilun**")[13]	Interest of controlled corporation Interest held jointly with another person	6,999,954 25,301,856	2.66% 9.63%
Suzhou Ferry Growth Investment Partnership (Limited Partnership)* (蘇州源渡成長投資合夥企業(有限合夥)) ("**Suzhou Ferry**")[13]	Interest of controlled corporation Interest held jointly with another person	6,999,954 25,301,856	2.66% 9.63%
Mr. WANG Xuefeng (王學峰)[13]	Interest of controlled corporation	32,301,810	12.30%
Shanghai Junna Enterprise Management Partnership (Limited Partnership)* (上海君拿企業管理合夥企業(有限合夥)) ("**Shanghai Junna**")[14]	Beneficial owner	21,999,948	8.37%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of interest in the Company's issued share capital[2]
Lasa Junqi Enterprise Management Co., Ltd.* (拉薩君祺企業管理有限公司) ("**Lasa Junqi**")[14]	Interest of controlled corporation	21,999,948	8.37%
Legend Capital Co., Ltd.* (君聯資本管理股份有限公司) ("**Legend Capital**")[14]	Interest of controlled corporation	21,999,948	8.37%
Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership)* (北京君誠合眾投資管理合夥企業(有限合夥)) ("**Juncheng Hehzong**")[14]	Interest of controlled corporation	21,999,948	8.37%
Beijing Junqi Jiarui Enterprise Management Co., Ltd.* (北京君祺嘉睿企業管理有限公司) ("**Junqi Jiarui**")[14]	Interest of controlled corporation	21,999,948	8.37%
Tianjin Huizhi No. 1 Enterprise Management Consulting Partnership (Limited Partnership)* (天津匯智壹號企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Huizhi No. 1**")[14]	Interest of controlled corporation	21,999,948	8.37%
Tianjin Junlian Jieyou Enterprise Management Consulting Partnership (Limited Partnership)* (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) ("**Junlian Jieyou**")[14]	Interest of controlled corporation	21,999,948	8.37%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of interest in the Company's issued share capital[2]
Mr. ZHU Linan (朱立南)[14]	Interest of controlled corporation	21,999,948	8.37%
Mr. CHEN Hao (陳浩)[14]	Interest of controlled corporation	21,999,948	8.37%
Beijing Junlian Huicheng Equity Investment Partnership (Limited Partnership)* (北京君聯慧誠股權投資合夥企業(有限合夥)) ("**Beijing Legend**")[14]	Interest of controlled corporation	21,999,948	8.37%
Xiamen C&D Emerging Industry Equity Investment No. 1 Partnership (Limited Partnership)* (廈門建發新興產業股權投資壹號合夥企業(有限合夥)) ("**Xiamen C&D**")[15]	Beneficial owner	18,000,036	6.85%
Xiamen Jianxin Investment Co., Ltd.* (廈門建鑫投資有限公司) ("**Xiamen Jianxin**")[15]	Interest of controlled corporation	18,000,036	6.85%
Xiamen Jianxing Capital Enterprise Management Consulting Co., Ltd.* (廈門建興資本企業管理諮詢有限公司) ("**Xiamen Jianxing**")[15]	Interest of controlled corporation	18,000,036	6.85%
Xiamen C&D Emerging Venture Capital Co., Ltd.* (廈門建發新興創業投資有限公司) ("**Xiamen C&D VC**")[15]	Interest of controlled corporation	18,000,036	6.85%
Mr. CAI Xiaofan (蔡曉帆)[15]	Interest of controlled corporation	18,000,036	6.85%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[(1)]	Approximate percentage of interest in the Company's issued share capital[(2)]
Xiamen C&D Emerging Industry Equity Investment Co., Ltd.* (廈門建發新興產業股權投資有限責任公司) ("**Xiamen C&D Equity Investment**")[(15)]	Interest of controlled corporation	18,000,036	6.85%
Xiamen C&D Group Co., Ltd.* (廈門建發集團有限公司) ("**Xiamen C&D Group**")[(15)]	Interest of controlled corporation	18,000,036	6.85%

Notes:

(1) All interests stated are long positions.

(2) The percentage is calculated is based on the total number of 262,705,446 Shares in issue as at December 31, 2024.

(3) As at December 31, 2024, Beyond Branding is wholly owned by Jovie Holding Limited, which is in turn wholly owned by Trident Trust, Trident Trust serves as the trustee of the Jovie Trust, a trust established by Ms. YIN (as both settlor and beneficiary). As such, each of Jovie Holding Limited, Trident Trust and Ms. YIN is deemed to have an interest in the Shares held by Beyond Branding under the SFO.

(4) As at December 31, 2024, Q-robot is wholly owned by Helenatest Holding Limited, which is in turn wholly owned by Trident Trust, Trident Trust serves as the trustee of the Helena Trust, a trust established by Ms. YIN Juelian (殷珏蓮) (as both settlor and beneficiary). As such, each of Helenatest Holding Limited, Trident Trust and Ms. YIN Juelian (殷珏蓮) is deemed to have an interest in the Shares held by Q-robot under the SFO.

(5) These Shares represent Ms. YIN Juelian (殷珏蓮)'s entitlement to receive up to 2,516,224 Shares pursuant to the exercise of options granted to her under the Stock Incentive Plan, subject to the terms and conditions of these options.

(6) As at December 31, 2024, Kiosk Joy is wholly owned by Iwan Holding Limited, which is in turn wholly owned by Trident Trust, Trident Trust serves as the trustee of the Liwen Trust, a trust established by Mr. CAO (as both settlor and beneficiary). As such, each of Iwan Holding Limited, Trident Trust and Mr. CAO is deemed to have an interest in the Shares held by Kiosk Joy under the SFO.

(7) As at December 31, 2024, INSIGMA is wholly owned by Mr. WU Wenhong (吳文洪). As such, Mr. WU Wenhong (吳文洪) is deemed to have an interest in the Shares held by INSIGMA under the SFO.

(8) These Shares represent Mr. WU Wenhong (吳文洪)'s entitlement to receive up to 1,000,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(9) As at December 31, 2024, NeoBox is wholly owned by NeoWay Holding Limited, which is in turn wholly owned by Mr. HUANG. As such, each of NeoWay Holding Limited and Mr. HUANG is deemed to have an interest in the Shares held by NeoBox under the SFO.

(10) As at December 31, 2024, Q-robot shop is wholly owned by Mr. QIAN Jun (錢俊). As such, Mr. QIAN Jun (錢俊) is deemed to have an interest in the Shares held by Q-robot shop under the SFO.

(11) These Shares represent Mr. QIAN Jun (錢俊)'s entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(12) On June 27, 2023, Ms. YIN, Ms. YIN Juelian (殷珏蓮), Mr. CAO, Mr. WU Wenhong (吳文洪), Mr. HUANG and Mr. QIAN Jun (錢俊) entered into an acting-in-concert agreement, pursuant to which the signing parties have confirmed that they had been acting in concert by aligning their votes and following Ms. YIN's directions when exercising their voting rights at the Shareholders' meetings in the Group since the establishment. As such, each of the Concert Parties and their respective holding vehicles are deemed to have an interest in the Shares each other is interested in under the SFO.

(13) Shanghai Yuanjizhi is a limited partnership established in the PRC on November 1, 2021 and it is owned as to approximately 0.1% by Ferry Phase II Investment as its general partner and as to approximately 99.9% by Ferry Phase II. Ferry Phase II Investment is owned as to 86.50% by Shanghai Chuiying, which is owned as to 33.0% by Mr. WANG Xuefeng (王學峰) as its general partner. Ferry Phase II is owned as to 0.98% by Ferry Phase II Investment.

Shanghai Yuanyuqu is a limited partnership established in the PRC on November 1, 2021 and it is owned as to approximately 0.09% by Wuxi Ferry as its general partner and as to 99.91% by Ferry Phase I as its limited partner. The general partner of Ferry Phase I is Wuxi Ferry, and Ferry Phase I has five limited partners, including Mr. JIN Yong (金勇) being the largest limited partner with 39.60% partnership interest and the remaining four limited partners each holding less than one-third partnership interest.

Ferry Phase III is a limited partnership established in the PRC on October 25, 2021 and it is owned as to approximately 0.03% by Ferry Weilun as its general partner and as to approximately 99.97% by Suzhou Ferry as its limited partner. Ferry Weilun is owned as to approximately 7.02% by Wuxi Ferry Growth Enterprise Management Co., Ltd.* (無錫源渡成長企業管理有限公司) as its general partner and approximately 92.98% by Shanghai Chuiying as its limited partner. The general partner of Suzhou Ferry is Ferry Weilun and Suzhou Ferry has 12 limited partners, each holding less than one-third partnership interest.

As such, each of Ferry Phase II Investment, Shanghai Chuiying, Ferry Phase II, Wuxi Ferry, Ferry Phase I, Ferry Weilun, Suzhou Ferry, Mr. JIN Yong (金勇) and Mr. WANG Xuefeng (王學峰) is deemed to have an interest in the Shares held by Shanghai Yuanjizhi, Shanghai Yuanyuqu and Ferry Phase III.

(14) Shanghai Junna is a limited partnership established in the PRC on October 20, 2021 and it is owned as to approximately 0.02% by Lasa Junqi as its general partner and as to approximately 99.98% by Beijing Legend as its limited partner. Lasa Junqi is wholly owned by Legend Capital, which is owned as to 80% by Juncheng Hezhong. Juncheng Hezhong is owned as to 0.01% by Junqi Jiarui as its general partner, 58.12% by Tianjin Huizhi No. 1 as its limited partner and 41.87% by Junlian Jieyou as its limited partner. Tianjin Huizhi No. 1 is owned as to 1.20% by Junqi Jiarui as its general partner, as to 34.68% by Mr. ZHU Linan (朱立南) as its largest limited partner, and the remaining 64.12% by the other 15 limited partners, each holding less than one-third partnership interest. Junqi Jiarui is owned as to 40% by Mr. CHEN Hao (陳浩) and three other individual shareholders which respectively holds 20% equity interest, each an Independent Third Party. The general partner of Junlian Jieyou is also Junqi Jiarui. Junlian Jieyou has 17 limited partners, with Mr. CHEN Hao (陳浩) being its largest limited partner, holding 33.36% partnership interest, and the remaining 66.64% being held by the other 16 limited partners, each holding less than one-third partnership interest. The general partner of Beijing Legend is Lasa Junqi. Beijing Legend has 21 limited partners, with National Council for Social Security Fund of The People's Republic of China (全國社會保障基金理事會) being its largest limited partner holding 33.33% partnership interest, and the remaining 20 limited partners each holding less than one-third partnership interest. As such, each of Lasa Junqi, Beijing Legend, Legend Capital, Juncheng Hezhong, Junqi Jiarui, Tianjin Huizhi No. 1, Junlian Jieyou, Mr. ZHU Linan (朱立南) and Mr. CHEN Hao (陳浩) is deemed to have an interest in the Shares held by Shanghai Junna under the SFO.

(15) Xiamen C&D is a limited partnership established in the PRC on June 27, 2016 and it is owned as to approximately 1.52% by Xiamen Jianxin as its general partner, as to approximately 49.09% by Xiamen C&D VC as the largest limited partner and as to the remaining approximately 49.39% by the other five limited partners. Xiamen Jianxin is owned as to 51.0% by Xiamen Jianxing and 49.0% by Xiamen C&D VC. Xiamen Jianxing is owned as to 51.0% by Mr. CAI Xiaofan (蔡曉帆), an Independent Third Party. Xiamen C&D VC is wholly owned by Xiamen C&D Equity Investment. Xiamen C&D Equity Investment is wholly owned by Xiamen C&D Group, which is in turn wholly owned by the State-owned Assets Supervision And Administration Commission of Xiamen People's Government (廈門市人民政府國有資產監督管理委員會).

Save as disclosed above, as at December 31, 2024, the Directors were not aware of any other persons (who were not Directors or chief executive of the Company) who had an interest or short position in any Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

STOCK INCENTIVE PLAN

On September 22, 2021, the Company adopted the Stock Incentive Plan, which is the only share scheme adopted by the Company as of the date of this annual report.

Prior to January 1, 2024, the Group granted options to subscribe for an aggregate of 40,658,824 Shares (representing approximately 15.5% of the Company's total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised)). The maximum entitlement of each participant under the Stock Incentive Plan shall not exceed such number of Shares. No further options were granted under the Stock Incentive Plan following such date, and no further options will be granted under the Stock Incentive Plan following the Listing. As such, the number of options available for grant under the scheme mandate as at January 1, 2024 and December 31, 2024 was nil and nil, respectively.

The total number of Shares available for issue under the Stock Incentive Plan as at the date of this annual report is 39,318,824 Shares, representing approximately 15.0% of the issued Shares (excluding treasury Shares) as at the date of this annual report.

The principal terms of the Stock Incentive Plan are set out below:

Purpose of the Stock Incentive Plan

The purpose of the Stock Incentive Plan is to attract and retain the best available personnel, to provide additional incentives to eligible participants and to promote the success of the Company's business.

Participants of the Stock Incentive Plan

The eligible grantees under the Stock Incentive Plan include employees, directors, consultants of the Group or our affiliates or any entity in which the Group or our affiliate holds a substantial interest (the "**Related Entity**"), and any persons who made special contributions in certain aspects to the Group or any Related Entity.

Duration, Exercise Period and Vesting Period

The Stock Incentive Plan shall become effective upon the occurrence of its approval by the applicable Board resolutions of the Company. The Stock Incentive Plan shall continue in effect for a term of ten years after the date of adoption, unless sooner terminated or extended before expiration. The exercise period of the options granted under the Stock Incentive Plan is five years after such options become vested in full and exercisable. Subject to applicable laws, awards may be granted under the Stock Incentive Plan upon its becoming effective. The vesting period of the options granted under the Stock Incentive Plan ranges from two to four years commencing from the date of the grant.

Remaining Term of the Stock Incentive Plan

As at the date of this annual report, the remaining term of the Stock Incentive Plan is around six years and six months.

Exercise Price and Option Pricing Model

For the fair value of equity-settled options granted, a binominal model was used in pricing and taken into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	For the year ended December 31,	
	2024	2023
Exercise price	**1.1–12.4**	1.1–12.4
Expected volatility	**51.28%–54.43%**	51.28%–54.43%
Expected life (years)	**7–9**	7–9
Risk-free rate	**2.66%–3.15%**	2.66%–3.15%
Expected dividend yield	**–**	–

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Dividend yield is based on management estimate at the valuation date. The risk-free rate is determined with reference to the yield of the PRC government bonds with maturities that most closely match the option term as of the grant date.

The Group recognized share-based expenses in relation to the Stock Incentive Plan of approximately RMB17,628,000 (share-based expenses for the year ended December 31, 2023: approximately RMB14,634,000) for the Reporting Period in relation to the options granted by the Company.

Details of the outstanding options granted under the Stock Incentive Plan are set out below:

						Number of Shares underlying the options					
Name of Grantee	Position/relationship with our Group	Date of grant	Vesting period	Exercise period	Exercise price *(RMB/Share)*	Number of Shares underlying the outstanding options granted as of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/forfeited during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the outstanding options granted as of December 31, 2024
Directors, chief executive or substantial shareholders of the Company or their respective associates											
Ms. YIN Juehui (殷珏輝)	Executive Director, Chairwoman and CEO	January 1, 2016	*Note (2)*	*Note (1)*	1.0982	1,500,000	0	0	0	0	1,500,000
		January 1, 2020	*Note (2)*	*Note (1)*	6.9444	1,000,000	0	0	0	0	1,000,000
Mr. CAO Liwen (曹理文)	Executive Director and vice president of sales	January 1, 2016	*Note (2)*	*Note (1)*	1.0982	1,500,000	0	0	0	0	1,500,000
		January 1, 2020	*Note (2)*	*Note (1)*	6.9444	1,000,000	0	0	0	0	1,000,000
Mr. HUANG Aihua (黃愛華)	Executive Director and chief technology officer	July 1, 2016	*Note (2)*	*Note (1)*	1.0982	3,000,000	0	0	0	0	3,000,000
		January 1, 2021	*Note (2)*	*Note (1)*	6.9444	1,000,000	0	0	0	0	1,000,000
Ms. YIN Juelian (殷珏蓮) *(Note 4)*	Chief financial officer	January 1, 2016	*Note (2)*	*Note (1)*	1.0982	1,500,000	0	0	0	0	1,500,000
		January 1, 2020	*Note (2)*	*Note (1)*	6.9444	1,016,224	0	0	0	0	1,016,224
Mr. QIAN Jun (錢俊)	Executive vice president	January 1, 2016	*Note (2)*	*Note (1)*	1.0982	1,500,000	0	0	0	0	1,500,000
		January 1, 2020	*Note (2)*	*Note (1)*	6.9444	1,000,000	0	0	0	0	1,000,000
Mr. WU Wenhong (吳文洪)	Chief customer relations advisor	January 1, 2016	*Note (2)*	*Note (1)*	1.0982	1,000,000	0	0	0	0	1,000,000

						Number of Shares underlying the options					
Name of Grantee	Position/relationship with our Group	Date of grant	Vesting period	Exercise period	Exercise price *(RMB/Share)*	Number of Shares underlying the outstanding options granted as of January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ forfeited during the Reporting Period	Lapsed during the Reporting Period	Number of Shares underlying the outstanding options granted as of December 31, 2024
Participant with options and awards granted and to be granted in excess of the 1% individual limit											
Ms. HU Xiaowei (胡小薇)	Administrative head of Beijing office	January 1, 2016	*Note (2)*	*Note (1)*	1.0982	2,160,000	0	0	0	0	2,160,000
		January 1, 2020	*Note (2)*	*Note (1)*	6.9444	1,040,000	0	0	0	0	1,040,000
Others											
71 other grantees, which are our employees (other than Directors, chief executive, substantial shareholders of the Company or associates of the aforementioned persons)	Various positions at the Group	Various dates	*Note (3)*	*Note (1)*	–	22,442,600	0	0	(1,340,000)	0	21,102,600
Total						**40,658,824**	**0**	**0**	**(1,340,000)**	**0**	**39,318,824**

Notes:

(1) The options shall be exercisable within five years after such options become vested in full and exercisable.

(2) The vesting period shall be four years commencing from the date of grant.

(3) The vesting period ranges from two to four years from the date of grant.

(4) Ms. YIN Juelian (殷珏蓮) is the sister of Ms. YIN Juehui (殷珏暉).

(5) There is no performance target for the options granted under the Stock Incentive Plan.

As at December 31, 2024, the number of Shares underlying the outstanding options under the Stock Incentive Plan were 39,318,824 Shares, representing approximately 15.0% of the total issued share capital of the Company. During the year ended December 31, 2024, no additional options have been granted under the Stock Incentive Plan. The number of Shares that could be issued upon exercise of options granted under the Stock Incentive Plan during the Reporting Period, divided by the weighted average number of issued Shares (excluding treasury Shares) during the same period, is 19.7%.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, no equity-linked agreements were entered into by the Company or any of its subsidiaries during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save for the Global Offering, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury Shares, if any) during the Relevant Period. As of December 31, 2024, the Company did not hold any treasury Shares.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2024, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

The related party transactions as disclosed in note 31 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and the Company is in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

DONATIONS

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

MATERIAL LEGAL ACTIONS

For the year ended December 31, 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISION

During the Reporting Period and up to the date of this annual report, there were no permitted indemnity provisions which were or are currently in force, and are beneficial to the Directors (whether they were entered into by the Company or others) or any directors of the Company's connected companies (if they were entered into by the Company). The Company has purchased appropriate liability insurance for Directors and senior staff members.

EVENTS AFTER THE BALANCE SHEET DATE

As at the date of this annual report, there was no subsequent event after the Reporting Period which has material impact to the Group.

AUDIT COMMITTEE

The Audit Committee has discussed with the management of the Company and reviewed the consolidated financial statements of the Group for the Reporting Period. The Audit Committee considered that the consolidated financial statements of the Group for the Reporting Period are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the corporate governance report on pages 54 to 72 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as of the date of this annual report.

AUDITOR

Ernst & Young was appointed as the auditor of the Company for the year ended December 31, 2024. There has been no change of the auditor of the Company in the preceding three years.

The accompanying financial statements prepared in accordance with IFRSs have been audited by Ernst & Young, who shall retire at the forthcoming annual general meeting of the Company and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Ms. YIN Juehui
Chairwoman and Executive Director

Hong Kong
March 10, 2025

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Save as disclosed below and in this annual report, the Company has complied with all applicable code provisions set out in part 2 of the CG Code and adopted most of the recommended best practices set out therein during the Relevant Period.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the Listing Date and up to the date of this annual report, Ms. YIN Juehui is the Chairwoman and the CEO. With experience in the telecommunications industry and having served in the Company since its establishment, Ms. YIN is in charge of supervising and providing overall management, operation and strategies of the Group. Despite the fact that the roles of the Chairwoman and the CEO are both performed by Ms. YIN which constitutes a deviation from code provision C.2.1 of the CG Code, the Board considers that vesting the roles of both the Chairwoman and the CEO in Ms. YIN has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company. The Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the senior management of the Company, given that: (i) Ms. YIN and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that each of them acts for the benefit and in the best interests of the Company; (ii) there is sufficient check and balance in the Board, which comprises experienced and diverse individuals, and decision to be made by the Board requires approval by at least a majority of the Directors; and (iii) the overall strategic and other key business, financial and operational policies of the Group are and will be made collectively after thorough discussion at both the Board and senior management levels.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee specific aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate liability insurance in respect of legal action against the Directors. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at the date of this annual report, the Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:
Ms. YIN Juehui *(Chairwoman and CEO)*
Mr. CAO Liwen
Mr. HUANG Aihua

Non-executive Directors:
Mr. DAI Jianchun
Mr. CHEN Rui

Independent Non-executive Directors:
Dr. CHE Lufeng
Mr. ZHU Lin
Dr. YANG Bo

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

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

The Company has also met Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of the Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

The Directors have a balanced mix of knowledge and skills, including but not limited to engineering, computer programming, equity investment management, accounting and consulting. They obtained degrees in various majors including economics, computer science, engineering and business administration, etc. Furthermore, the Board has a relatively wide range of ages, ranging from 48 years old to 54 years old, and consists of seven male members and one female member. The Board is of the view that the Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective. The Company will (i) disclose the biographical details of each Director; and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved Board diversity) in its corporate governance report. In particular, the Group will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. The Group also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. We believe that such merit-based selection process with reference to the Board Diversity Policy and the nature of our business will be in the best interests of the Group and the Shareholders as a whole.

As of December 31, 2024, the gender distribution of our employees (including senior management) were approximately 65% male and 35% female. The Group is aiming to achieve a more balanced gender ratio in the workforce. During the Reporting Period, the Group is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

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

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

As regards the CG Code provision requiring Directors to disclose the number and nature of positions held in public companies or organizations and other significant commitments, as well as the identity of the public companies or organizations and the time allocated to the issuer, each Director has agreed to disclose to the Company their respective commitments and any subsequent changes in a timely manner.

Mechanisms to Ensure Independent Views and Inputs Available to the Board

The Board has established mechanisms to ensure independent views are available to the Board. The summary of the mechanisms is set out below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors ("**INED(s)**") and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time), with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, INEDs will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination Committee strictly adheres to the nomination policy of the Company (the "**Nomination Policy**") with regard to the nomination and appointment of INEDs, and is mandated to assess annually the independence of INEDs to ensure that they can continually exercise independent judgement.

(iii) Compensation

No equity-based remuneration with performance-related elements will be granted to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Board Decision Making

Directors (including INEDs) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Group's expense.

A Director (including INED) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

During the year ended December 31, 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of INEDs as mentioned in item (i) above. The Board has reviewed the implementation and effectiveness of such mechanisms during the year.

Induction and Continuous Professional Development

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

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a Director.

According to the information provided by the Directors, a summary of training received by the Directors throughout the year ended December 31, 2024 is as follows:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Ms. YIN Juehui	D
Mr. CAO Liwen	D
Mr. HUANG Aihua	D
Non-executive Directors	
Mr. DAI Jianchun	D
Mr. CHEN Rui	D
Independent Non-executive Directors	
Dr. CHE Lufeng	D
Mr. ZHU Lin	D
Dr. YANG Bo	D

Notes:

A: Attending seminars and/or meetings and/or forums and/or briefings
B: Giving talks in the seminars and/or meetings and/or forums
C: Attending training relevant to the Company's business conducted by lawyers
D: Reading materials relevant to corporate governance, director's duties and responsibilities, the Listing Rules and other relevant ordinances

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Since the Listing Date and up to the date of this annual report, Ms. YIN Juehui is the Chairwoman and the CEO. With experience in the telecommunications industry and having served in the Company since its establishment, Ms. YIN is in charge of supervising and providing overall management, operation and strategies of the Group. Despite the fact that the roles of the Chairwoman and the CEO are both performed by Ms. YIN which constitutes a deviation from code provision C.2.1 of the CG Code, the Board considers that vesting the roles of both the Chairwoman and the CEO in Ms. YIN has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company. The Board believes that this arrangement will not impact on the balance of power and authorizations between the Board and the senior management of the Company, given that: (i) Ms. YIN and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that each of them acts for the benefit and in the best interests of the Company; (ii) there is sufficient check and balance in the Board, which comprises experienced and diverse individuals, and decision to be made by the Board requires approval by at least a majority of the Directors; and (iii) the overall strategic and other key business, financial and operational policies of the Group are and will be made collectively after thorough discussion at both the Board and senior management levels.

Appointment and Re-election of Directors

Each of our executive Directors and non-executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month's prior notice in writing.

Each of our independent non-executive Directors has entered into an appointment letter with us for an initial term of three years from the Listing Date until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other party not less than one month's prior notice in writing.

Save as disclosed above, none of the Directors has entered into any service contract or letter of appointment which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with article 26.4 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

In accordance with article 26.3 of the Articles of Association, any Director appointed to fill a vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and offering proposals regarding the appointment, re-election of Directors and succession plans for Directors.

Board meetings

The Company has adopted a practice of holding Board meetings on a regular basis, with a minimum frequency of four times per year at approximately quarterly intervals. Notice of all regular Board meetings shall be given at least 14 days in advance to enable all Directors to attend and include relevant matters in the agenda of regular meeting.

For other Board and Board Committee meetings, reasonable notice shall generally be provided. The agenda and relevant Board meeting materials shall be circulated to Directors or Board Committee members at least three days prior to the meeting to ensure they have sufficient time to review the documents and prepare adequately. Should any Director or Board Committee member be unable to attend a meeting, they shall be informed of the matters to be discussed beforehand and given the opportunity to communicate their views to the chairwoman. The joint company secretaries shall maintain the minutes of meetings, which shall be distributed to all Directors for their reference and records.

The minutes of Board and Board Committee meetings shall contain detailed records of matters considered and decisions reached, including any questions raised by Directors. Draft minutes of each Board and Board Committee meeting shall be circulated to Directors for their comments within a reasonable period following the meeting date. The finalized Board meeting minutes shall be made available for inspection by all Directors.

During the Reporting Period, four Board meetings and one annual general meeting were held by the Company and the attendance of each Director at these meetings is set out in the table below:

Directors	Attended/Eligible to attend the Board meetings	Attended/ Eligible to attend the annual general meeting
Ms. YIN Juehui	4/4	1/1
Mr. CAO Liwen	4/4	1/1
Mr. HUANG Aihua	4/4	1/1
Mr. DAI Jianchun	4/4	1/1
Mr. CHEN Rui	4/4	1/1
Dr. CHE Lufeng	4/4	1/1
Mr. ZHU Lin	4/4	1/1
Dr. YANG Bo	4/4	1/1

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Following specific enquiries made to all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Relevant Period.

During the Relevant Period, the Company has also adopted its own code of conduct for employee securities transactions, the terms of which are no less stringent than those of the Model Code. Relevant employees who may possess unpublished inside information of the Company are required to comply with this code of conduct when dealing in the Company's securities.

Delegation by the Board

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

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

Corporate Governance Functions

The Board recognizes that corporate governance should be the collective responsibility of the Directors includes:

(a) reviewing and monitoring the Company's policies and practices on compliance with laws and regulatory requirements;

(b) reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Company;

(c) developing, reviewing and monitoring the code of conduct and compliance manuals applicable to the employees and Directors;

(d) developing and reviewing the Company's corporate governance policies and practices, making recommendations to the Board, and reporting to the Board on relevant matters;

(e) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) reviewing and monitoring the Company's compliance with the Company's whistle-blowing policy.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Mr. ZHU Lin (chairperson), Dr. CHE Lufeng and Dr. YANG Bo, all of whom are independent non-executive Directors.

The primary duties of the Audit Committee include the followings:

Relationship with the Company's auditors

(a) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and addressing matters relating to its resignation or dismissal;

(b) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards;

(c) developing and implementing policies regarding the engagement of the external auditor for non-audit services and reporting to the Board thereon, identifying and making recommendations on any matters where action or improvement is needed. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a third party with knowledge of all relevant facts and circumstances would reasonably conclude to be part of the audit firm's domestic or international practice;

(d) discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences, and ensuring co-ordination where more than one audit firm is involved;

(e) where the Board disagrees with the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors, submitting a statement to the Company explaining its recommendation and also the reason(s) why the Board has taken a different view, which statement will be disclosed by the Company in its corporate governance report;

Review of the Company's financial information

(f) overseeing the integrity of the Company's financial statements, annual reports and accounts, half-yearly reports and quarterly reports (if any intended to be published), and reviewing significant financial reporting judgments contained therein. When reviewing such reports prior to submission to the Board, the Audit Committee shall focus particularly on the following matters:

   (i) any changes in accounting policies and practices;

   (ii) areas requiring significant judgment;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and any legal requirements in relation to financial reporting;

(g) in regard to (e) above:

(i) liaising with the Board and the senior management of the Company;

(ii) meeting, at least twice a year, with the Company's auditors; and

(iii) considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Company's personnel responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system and internal control procedures

(h) reviewing the Company's financial controls and, unless expressly addressed by a separate risk committee of the Board or by the Board itself, reviewing the Company's risk management and internal control systems;

(i) reviewing and discussing with the Company's senior management the risk management and internal control systems, ensuring that the Company's senior management has fulfilled its responsibilities in establishing and maintaining effective systems. Such discussions shall include an assessment of the adequacy of the Company's resources, staff qualifications and experience in accounting and financial reporting functions, as well as the sufficiency of training programs and related budgets;

(j) reviewing major investigations findings on risk management and internal control matters as delegated by the Board or initiated by the Audit Committee, and the responses of the Company's senior management to such findings;

(k) where an internal audit function exists, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring its effectiveness;

(l) reviewing the Group's financial and accounting policies and practices;

(m) reviewing the external auditor's management letter, any material queries raised by the auditor to the senior management of the Company about accounting records, financial accounts or systems of control and the Company's senior management's response;

(n) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(o) reporting to the Board on the matters set out in the terms of reference of the Audit Committee;

(p) reviewing the Company's established arrangements for employees to raise concerns, on a confidential basis, regarding possible improprieties in financial reporting, internal control or other matters, and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(q) acting as the key representative body for overseeing the Company's relations with the external auditor;

(r) establishing a whistle-blowing policy and system for employees of the Company and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company;

Corporate governance functions

(s) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(t) reviewing and monitoring the training and continuous professional development of the Directors and the senior management of the Company;

(u) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(v) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;

(w) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company; and

(x) considering other topics, as defined by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the year ended December 31, 2024, two meetings of the Audit Committee were held to discuss and consider the following matters:

- reviewed the interim results of the Group for the six months ended June 30, 2024;
- reviewed the financial reporting system, risk management (including the environmental, social and governance risks) and internal control systems; and
- reviewed the audit work plan of the Company for 2025.

The attendance of each member of the Audit Committee at such meetings is set out in the table below:

Directors	Attended/Eligible to attend the meetings
Mr. ZHU Lin *(Chairperson of the Audit Committee)*	2/2
Dr. CHE Lufeng	2/2
Dr. YANG Bo	2/2

Nomination Committee

The Nomination Committee comprises three members, including one executive Director, namely Ms. YIN Juehui (chairperson), and two independent non-executive Directors, namely Dr. CHE Lufeng and Dr. YANG Bo.

The primary duties of the Nomination Committee include the followings:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;

(c) assessing the independence of independent non-executive Directors on an annual basis upon confirmation from each of the independent non-executive Directors in respect of his or her independence pursuant to Rule 3.13 of the Listing Rules;

(d) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairwoman and the CEO;

(e) developing policy concerning diversity of the Board, and disclosing such policy or a summary of such policy in the corporate governance report of the Company;

(f) reviewing the Board Diversity Policy and any measurable objectives that the Company has set for implementing such policy, reviewing the progress on achieving such objectives, and making disclosures of its review results in the annual report of the Company;

(g) before appointments are made by the Board, evaluating the balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's business on the Board and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate):

    (i) consider candidates from a wide range of backgrounds; and

    (ii) consider candidates on merit and against objective criteria, while exercising due diligence to ensure that appointees have enough time available to devote to the position.

The Nomination Committee will assess the candidates or incumbents on criteria such as integrity, experience, skills and ability to commit time and efforts to carry out duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended December 31, 2024, one meeting of the Nomination Committee was held to discuss and consider the following matters:

- reviewed the Board Diversity Policy and the progress on implementing such policy;
- reviewed the structure, size and composition of the Board; and
- assessed the independence of the independent non-executive Directors.

The attendance of each member of the Nomination Committee at such meeting is set out in the table below:

Directors	Attended/Eligible to attend the meeting
Ms. YIN Juehui *(Chairperson of the Nomination Committee)*	1/1
Dr. CHE Lufeng	1/1
Dr. YANG Bo	1/1

Nomination Policy for Directors

The Group has adopted a Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors, aiming to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Group and the continuity of the Board and appropriate leadership at Board level.

Pursuant to the Nomination Policy, the Group considers a number of criteria in evaluating and selecting candidates for directorships, including but not limited to (i) character and integrity; (ii) qualifications including professional qualifications; (iii) willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments; (iv) requirements of the Listing Rules; (v) the Board Diversity Policy; and (vi) other perspectives appropriate to the Group's business.

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by the management and external recruitment agents. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to the Shareholders in respect of the proposed election of Director at the general meeting of the Company.

The Nomination Committee will review the Nomination Policy, as appropriate, to ensure its effectiveness.

Remuneration Committee

The Remuneration Committee comprises three members, including two independent non-executive Directors, namely Dr. YANG Bo (chairperson) and Mr. ZHU Lin, and one executive Director, namely, Ms. YIN Juehui.

The primary duties of the Remuneration Committee include the followings:

(a) making recommendations to the Board on the Company's policy and structure for all Directors' and the senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) reviewing and approving management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) being responsible for either:

  (i) determining, with delegated responsibility, the remuneration packages of individual executive Directors and the senior management of the Company; or

  (ii) making recommendations to the Board on the remuneration packages of individual executive Directors and the senior management of the Company,

  including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) making recommendations to the Board on the remuneration of non-executive Directors;

(e) considering salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;

(f) reviewing and approving compensation payable to executive Directors and the senior management of the Company for any loss or termination of office or appointment to ensure that such compensation is consistent with contractual terms and is otherwise fair and not excessive;

(g) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) ensuring that no Director or any of his/her associates is involved in deciding that Director's own remuneration;

(i) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules;

(j) reviewing the Group's policy on expense reimbursements for Directors and the senior management of the Company; and

(k) forming a view in respect of service contracts that require approval of the Shareholders under the Listing Rules, and advising the Shareholders (other than Shareholders who are Directors with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, whether such contracts are in the interests of the Company and its Shareholders as a whole, and on how to vote.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the year ended December 31, 2024, one meeting of the Remuneration Committee was held to discuss and consider the following matters:

- reviewed the remuneration structure of the employees of the Group;
- reviewed the remuneration and benefit policy for the employees of the Group for 2024 and 2025; and
- reviewed the remuneration of the Directors and the senior management of the Company for 2024.

The attendance of each member of the Remuneration Committee at such meeting is set out in the table below:

Directors	Attended/Eligible to attend the meeting
Dr. YANG Bo *(Chairperson of the Remuneration Committee)*	1/1
Ms. YIN Juehui	1/1
Mr. ZHU Lin	1/1

REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration by band of the members of senior management of the Company (excluding Directors), whose biographies are set out on page 29 of this annual report, for the year ended December 31, 2024 are set out below:

Remuneration range *(HK$)*	Number of individual
Nil to 1,000,000	1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended December 31, 2024, which present a true and fair view of the state of affairs of the Company and the Group, as well as the Group's results and cash flows.

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

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

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 73 to 78 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviews their effectiveness. These systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board is responsible for establishing and overseeing the risk management and internal control systems. The Audit Committee assists the Board in leading the management to regularly review the design, implementation, and monitoring of the risk management and internal control systems. The internal audit department is responsible for overseeing the daily implementation of procedures and measures in each department. We regularly review our risk management and internal control systems to adapt to changes in market conditions and the regulatory environment and their impact on our business.

The Company mainly conducts risk management by identifying, assessing and reducing identified risks. Each business and functional department of the Company conducts an annual identification of potential internal and external risks in their respective operational processes. It mainly refers to the impact of risks on the Company's objectives, as well as significant issues or risk events in business activities over the past year. Each business and functional department rates and ranks the identified risks, giving priority to high-risk items. For risks of different levels, corresponding response strategies are formulated. For high-risk items, risk avoidance or risk reduction strategies are adopted. For medium-risk items, risk transfer or risk acceptance strategies are used. For some operational risks with minor impacts, risk acceptance is chosen within a controllable range. At the same time, a risk monitoring mechanism is established to regularly track and assess the risk profile. Risk response strategies are adjusted according to changes in the internal and external environment in a timely manner. In case of major risks, reports are made to the corresponding management, the Audit Committee, and the Board in a timely manner.

Our internal audit department is responsible for reviewing the effectiveness of internal controls and reporting identified problems, and continuously identifying internal control failures and deficiencies to improve our internal control systems and procedures. The internal audit department reports any major problems identified to the Audit Committee and the Board in a timely manner.

During the Reporting Period, the Board, through the Audit Committee, has reviewed the Company's risk management and internal control systems and considered them effective and adequate.

PROCEDURES FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information and requests them to report to the Board once identified any inside information for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on reporting and disseminating inside information, confidentiality and compliance with restrictions on trading.

AUDITOR'S REMUNERATION

Type of Services	Amount *(RMB'000)*
Audit services	2,000
Non-audit services*	952
Total	**2,952**

* Non-audit services mainly comprise review services, being the review of the unaudited interim results of the Group for the six months ended June 30, 2024, for which a fee of RMB800,000 was paid or payable, and tax and other advisory services.

JOINT COMPANY SECRETARIES

Mr. CHENG Xing and Ms. FUNG Po Ting resigned as the joint company secretaries of the Company on September 20, 2024. Following the aforesaid resignations, Ms. WANG Zan ("**Ms. WANG**") and Ms. NG Sau Mei ("**Ms. NG**") were appointed as the joint company secretaries of the Company to fill the casual vacancies on the same day.

Ms. WANG is responsible for advising the Board on corporate governance matters and ensuring that the policies and procedures of the Board, as well as the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has appointed Ms. NG, the director and head of the Listing Services Department of TMF Hong Kong Limited (a company secretarial services provider) to act as another joint company secretary of the Company to provide assistance to Ms. WANG to discharge her duties as company secretary of the Company. Her primary contact person at the Company is Ms. WANG.

During the Reporting Period, Ms. WANG and Ms. NG have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for the Shareholders to communicate directly with the Directors. The Chairwoman and the chairpersons of the Board Committees will attend the annual general meetings to answer Shareholders' questions. The auditor of the Company will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**") which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.zzss.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Board maintains an ongoing dialogue with Shareholders and the investment community, and will regularly review the Shareholders' Communication Policy to ensure its effectiveness. During the year ended December 31, 2024, the Company has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and confirmed that the policy had been properly implemented and was considered effective.

SHAREHOLDERS' RIGHTS

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

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

Convening of Extraordinary General Meetings and Putting Forward Proposals

Shareholders may put forward proposals for consideration at the Company's general meetings according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or any one of the joint company secretaries of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the requisition is submitted. If the Board fails to convene the meeting within 21 days after the requisition is submitted, the requisitionist(s) may convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the Board's failure shall be reimbursed by the Company to the requisitionist(s).

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

Inquiries to the Board

Shareholders who intend to put forward their inquiries about the Company to the Board could send their enquires to the headquarters of the Company at 17/F, Wentong International Plaza, 398 Guiyang Road, Yangpu District, Shanghai, the PRC (email address: ir@zzss.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company have been amended and restated with effect from the Listing Date.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Qunabox Group Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Qunabox Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 79 to 146, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Expected credit loss (ECL) allowance for trade receivables	
As at December 31, 2024, the Group's trade receivables amounted to approximately RMB564.0 million and a provision of ECL on trade receivables amounted to approximately RMB54.0 million. Management applied the simplified approach to measure the lifetime ECL allowance for all its trade receivables. In developing the loss allowances of trade receivables, management used judgement in making the assumptions about the risk of default and ECL rate with reference to the historical payment profiles of sales, the corresponding historical credit losses rate, and forward-looking information. In addition, management also reviewed the credit risk of individual debtors by considering the nature of transactions, relationship with customers and their financial position, etc. to assess whether there were any circumstances which might trigger further specific provision at the end of the reporting period. We identified ECL allowance for trade receivables as a key audit matter due to the significance of this allowance to the consolidated financial statements and the management's estimates involved in estimating ECL for trade receivables at the end of the reporting period. Related disclosures are included in note 2.4 "Material accounting policy information", note 3 "Significant accounting judgements and estimates" and note 19 "Trade receivables", respectively, to the consolidated financial statements.	Our audit procedures in relation to ECL allowance for trade receivables included the following: • Obtaining an understanding of, evaluating and testing management's key controls which management adopted for the determination of loss allowance for trade receivables; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements and estimates, by: i) Evaluating the customer's repayment history by checking the settlement evidence of the trade receivables to cash receipt and testing the ageing profile of trade receivables to sales invoices and other relevant documents, on a sample basis; and ii) Evaluating whether the historical loss rates were appropriately reassessed, taking into consideration the changes in the risk of default in the current portfolio and the changes in the forward-looking information; our internal specialists are also involved to assist us in assessing the forward-looking information; and • Assessing the adequacy of the disclosures related to the loss allowance for trade receivables in the context of the applicable financial reporting framework.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of the marketing services	
The Group's revenue for the year ended December 31, 2024 was primarily from marketing services which amounted to approximately RMB1,097.4 million, representing approximately 81.9% of the Group's total revenue for the year. The Group's revenue from the marketing services arises from providing integrated marketing promotion service for the new products of the customers. We identified recognition of revenue of the marketing services as a key audit matter because revenue was one of the key performance indicators of the Group and therefore there was an inherent risk of manipulation of revenue recognition by management to meet specific targets or expectations. Related disclosures are included in note 2.4 "Material accounting policy information", note 5 "Revenue, other income and gains", respectively, to the consolidated financial statements.	Our audit procedures in relation to revenue recognition of the marketing services included the following: • Obtaining an understanding of, evaluating and testing management's key controls which management adopted for recognition of revenue; • Inspecting the Group's contracts with customers on a sample basis and discussing with the management on relevant contract terms to evaluate the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; • Conducting background checks for major customers in terms of revenue from marketing services; • Confirming with the major customers directly on transaction records and balances of trade receivables as at the financial year end date on a sample basis and performing alternative procedures on unreturned confirmations, if any; • Inspecting, on a sample basis, specific revenue transactions with the relevant underlying documents to verify the validity and accuracy of the revenue recognition; and • Inspecting, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the relevant underlying documents to assess whether the progress towards complete satisfaction of the service had been appropriately measured.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

Ernst & Young
Certified Public Accountants
Hong Kong
March 10, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31, 2024

	Notes	Year ended December 31, 2024 RMB'000	2023 RMB'000
REVENUE	5	**1,339,500**	1,006,697
Cost of sales		**(589,713)**	(471,430)
Gross profit		**749,787**	535,267
Other income and gains	5	**19,364**	6,260
Selling and distribution expenses		**(316,110)**	(239,282)
Administrative expenses		**(69,094)**	(54,538)
Research and development expenses		**(91,542)**	(63,250)
Fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**")	25	**(1,899,415)**	(24,088)
Fair value gains on financial assets at FVTPL		**21,424**	–
Other expenses and losses		**(3,305)**	(2,119)
Impairment losses on financial assets under expected credit loss ("**ECL**") model, net of reversal		**(34,888)**	197
Finance costs	6	**(11,930)**	(1,611)
(LOSS)/PROFIT BEFORE TAX		**(1,635,709)**	156,836
Income tax expense	10	**(27,019)**	(20,134)
(LOSS)/PROFIT FOR THE YEAR		**(1,662,728)**	136,702
Attributable to:			
Owners of the parent		**(1,672,156)**	130,942
Non-controlling interests		**9,428**	5,760
		(1,662,728)	136,702
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(1,662,728)**	136,702
Attributable to:			
Owners of the parent		**(1,672,156)**	130,942
Non-controlling interests		**9,428**	5,760
		(1,662,728)	136,702
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic:			
(Loss)/profit for the year *(RMB)*	12	**(8.40)**	1.25
Diluted:			
(Loss)/profit for the year *(RMB)*	12	**(8.40)**	0.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

	Notes	As at December 31, 2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**134,579**	117,652
Right-of-use assets	14	**4,731**	2,361
Financial assets at FVTPL	15	**4,000**	4,000
Deferred tax assets	16	**16,645**	11,014
Prepayments, deposits and other receivables	17	**42,023**	34,750
Total non-current assets		**201,978**	169,777
CURRENT ASSETS			
Inventories	18	**11,764**	27,785
Trade receivables	19	**510,008**	493,999
Prepayments, deposits and other receivables	17	**218,085**	76,788
Financial assets at FVTPL	15	**272,524**	–
Amounts due from shareholders	31	**–**	7
Cash and bank balance	20	**891,987**	299,018
Total current assets		**1,904,368**	897,597
CURRENT LIABILITIES			
Trade payables	21	**19,002**	11,451
Other payables and accruals	22	**46,034**	9,404
Contract liabilities	23	**5,065**	2,762
Income tax payable		**38,524**	21,365
Lease liabilities	14	**2,839**	1,659
Interest-bearing bank borrowings	24	**426,840**	119,940
Deferred income		**320**	320
Total current liabilities		**538,624**	166,901
NET CURRENT ASSETS		**1,365,744**	730,696
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,567,722**	900,473
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	**–**	13,500
Lease liabilities	14	**1,974**	528
Deferred income		**80**	400
Convertible redeemable preferred shares	25	**–**	1,253,988
Total non-current liabilities		**2,054**	1,268,416
Net assets/(liabilities)		**1,565,668**	(367,943)

	Notes	As at December 31, 2024 RMB'000	2023 RMB'000
EQUITY			
Share capital	26	18	7
Reserves/(deficits)	27	1,536,340	(387,832)
Equity attributable to owners of the parent		1,536,358	(387,825)
Non-controlling interests		29,310	19,882
Total equity/(deficits)		1,565,668	(367,943)

Executive director

Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended December 31, 2024

	Attributable to owners of the parent							
	Paid-in capital *RMB'000*	Capital reserve *RMB'000*	Share award reserve *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At January 1, 2024	7	–	32,670	47,080	(467,582)	(387,825)	19,882	(367,943)
Loss for the year	–	–	–	–	(1,672,156)	(1,672,156)	9,428	(1,662,728)
Total comprehensive expense for the year	–	–	–	–	(1,672,156)	(1,672,156)	9,428	(1,662,728)
Issue of new shares upon the initial public offering (the "**IPO**")	1	425,307	–	–	–	425,308	–	425,308
Automatic conversion of preferred shares upon the IPO	10	3,153,393	–	–	–	3,153,403	–	3,153,403
Equity-settled share based payment	–	–	17,628	–	–	17,628	–	17,628
At December 31, 2024	18	3,578,700	50,298	47,080	(2,139,738)	1,536,358	29,310	1,565,668

	Attributable to owners of the parent							
	Paid-in capital *RMB'000*	Capital reserve *RMB'000*	Share award reserve *RMB'000*	Other reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total deficits *RMB'000*
At January 1, 2023	7	–	18,036	–	(591,858)	(573,815)	155	(573,660)
Profit for the year	–	–	–	–	130,942	130,942	5,760	136,702
Total comprehensive income for the year	–	–	–	–	130,942	130,942	5,760	136,702
Transfer from convertible redeemable preferred shares	–	–	–	47,080	–	47,080	13,967	61,047
Capital deduction by Shanghai Yiqu Investment Development Center (Limited Partnership) ("**Shanghai Yiqu**")	–	–	–	–	(6,666)	(6,666)	–	(6,666)
Equity-settled share based payment	–	–	14,634	–	–	14,634	–	14,634
At December 31, 2023	7	–	32,670	47,080	(467,582)	(387,825)	19,882	(367,943)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2024

		Year ended December 31,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(1,635,709)**	156,836
Adjustments for reconcile (loss)/profit before tax to net cash flows:			
Interest income	*5*	**(4,214)**	(238)
Amortization of government grants	*5*	**(2,720)**	(320)
Finance costs	*6*	**11,930**	1,611
Loss on disposal of items of property, plant and equipment	*7*	**3,121**	2,040
Equity-settled share-based payment	*7*	**17,628**	14,634
Fair value gains on financial assets at FVTPL	*7*	**(21,424)**	–
Fair value losses on financial liabilities at FVTPL	*7,25*	**1,899,415**	24,088
Exchange realignment on financial assets at FVTPL		**(1,979)**	–
Depreciation of property, plant and equipment	*13*	**50,468**	55,515
Depreciation of right-of-use assets	*14*	**3,339**	2,512
Provision for impairment of other receivables, net	*17*	**2,100**	842
Write-down of inventories	*18*	**2,166**	6,291
Provision/(reversal) of impairment of trade receivables, net	*19*	**32,788**	(1,039)
Exchange gain, net		**(5,739)**	–
		351,170	262,772
Increase in trade receivables		**(48,797)**	(31,057)
Increase in prepayments and other receivables and other assets		**(155,397)**	(19,086)
Decrease/(increase) in inventories		**13,855**	(1,386)
Increase/(decrease) in trade payables		**7,551**	(9,341)
Increase in other payables and accruals		**16,083**	2,220
Increase in contract liabilities		**2,303**	2,580
Cash flows generated from operating activities		**186,768**	206,702
Income tax paid		**(15,491)**	(15,228)
Interest received		**2,030**	238
Net cash flows generated from operating activities		**173,307**	191,712

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2024

	Notes	Year ended December 31, 2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(46,183)**	(35,464)
Proceeds from disposal of items of property, plant and equipment		**941**	203
Receipt of government grants for property, plant and equipment		**2,400**	–
Purchases of financial assets at FVTPL		**(350,409)**	(4,000)
Proceeds from disposal of financial assets at FVTPL		**101,288**	–
Purchases of financial assets at amortised cost		**(86,270)**	–
Proceeds from disposal of financial assets at amortised cost		**86,270**	–
Interest received		**2,184**	–
Net cash flows used in investing activities		**(289,779)**	(39,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	*14*	**(3,083)**	(2,541)
Proceeds from issue of preferred shares	*25*	**–**	60,000
Consideration paid for acquisition of a 5.19% equity interest in Shanghai Quna	*25*	**–**	(80,000)
New bank loans raised	*24*	**519,875**	119,940
Repayment of bank loans	*24*	**(226,475)**	(27,747)
Interest paid	*6*	**(11,930)**	(1,611)
Capital deduction by Shanghai Yiqu		**–**	(6,666)
Listing expense paid		**(11,143)**	(3,331)
Decrease in amounts due from shareholders		**7**	1,181
Proceeds from issue of shares		**436,451**	–
Net cash flows generated from financing activities		**703,702**	59,225
NET INCREASE IN CASH AND CASH EQUIVALENTS		**587,230**	211,676
Cash and cash equivalents at beginning of year		**299,018**	87,342
Effect of foreign exchange rate changes, net		**5,739**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	*20*	**891,987**	299,018

1. CORPORATE AND GROUP INFORMATION

Qunabox Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on June 15, 2021. The registered address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The shares of the Company had been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from May 27, 2024 (the "**Listing**").

During the year, the Company's subsidiaries were principally engaged in marketing services, merchandise sales and other services in the People's Republic of China (the "**PRC**").

As a result of the acting-in-concert agreement, Ms. YIN Juehui (殷玨輝), Ms. YIN Juelian (殷玨蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊) were entitled to exercise approximately 39.27% of the voting power at general meeting of the Company as of the date of this annual report.

As at the date of this annual report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qunabox Group Hongkong Limited	Hong Kong, China July 12, 2021	HK$1.00	100%	–	Investment holding
Termi Smart Pte. Ltd.	Singapore January 31, 2024	SGD200,000	100%	–	Provision of marketing services and merchandise sales services
Shanghai Quna Network Technology Co., Ltd.* (上海趣致網絡科技有限公司) ("**Shanghai Quna**")	PRC/Mainland China July 18, 2013	RMB86,955,586	–	96.04%	Provision of marketing services and merchandise sales services
Shanghai Quzhi Network Technology Co., Ltd.* (上海趣至網絡科技有限公司) ("**Shanghai Quzhi**")	PRC/Mainland China December 17, 2021	RMB10,000,000	–	96.04%	Provision of marketing services and merchandise sales services

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Name	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Zhiqu Technology Co., Ltd.* (知驅(上海)科技有限公司)	PRC/Mainland China November 19, 2020	RMB19,600,000	–	49.00%	Provision of marketing services and merchandise sales services
Shanghai Quleduo Information Technology Co., Ltd.* (上海趣樂多信息技術諮詢有限責任公司) ("**Shanghai Quleduo**")	PRC/Mainland China August 3, 2021	RMB5,000,000	–	57.62%	Provision of marketing services and merchandise sales services
Shanghai Quxuan e-commerce Co., Ltd.* (上海趣選電子商務有限公司) ("**Shanghai Quxuan**")	PRC/Mainland China March 29, 2018	RMB5,000,000	–	96.04%	Provision of marketing services and merchandise sales services
Hainani Quzhi Network Technology Co., Ltd.* (海南趣致網絡科技有限公司)	PRC/Mainland China June 12, 2023	RMB300,000,000	–	100%	Provision of marketing services and merchandise sales services
Zhejiang Quxiang Network Technology Co., Ltd.* (浙江趣享網絡科技有限公司)	PRC/Mainland China June 12, 2023	RMB500,000,000	–	100%	Provision of marketing services and merchandise sales services
Smarketing General Trading Ltd.	The United Arab Emirates January 7, 2025	AED5,000,000	–	100%	Merchandise sales services

* The English names of the companies registered in PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended December 31, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in consolidated financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Amendments to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 Effective for annual periods beginning on or after January 1, 2025
2 Effective for annual periods beginning on or after January 1, 2026
3 Effective for annual/reporting periods beginning on or after January 1, 2027
4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Except for that have been disclosed above, the directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	50%
Experiential vending machines	19%
Transport equipment	32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Research and development costs

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

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

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 4 years
Warehouse	1.5 to 4.5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(b) *Lease liabilities (Continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Financial assets

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Derecognition of financial assets *(Continued)*

General approach *(Continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables, which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of reporting period. To measure the expected credit losses, trade receivables have been assessed on individual basis for debtors in severe financial difficulty, or collectively basis by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, amount due to a shareholder, interest-bearing bank borrowings, convertible redeemable preferred shares and convertible bonds.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial liabilities at FVTPL

Financial liabilities measured at FVTPL include convertible redeemable preferred shares which are designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Income tax *(Continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Income tax *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) *Merchandise sales*

Revenue from the merchandise sales primarily arises from the end customers buy the fast-moving consumer goods through experiential vending machines operated by the Group. Revenue is recognized when the control of the goods has been transferred by vending machines to the customers. There was no right of return for the sales to the end customers. The considerations of the goods are usually due immediately paid by the end customers through online payment platforms before the goods delivered.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) *Marketing services*

Revenue from the marketing services arises from providing integrated marketing promotion service for the new products of the customers. Revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

(c) *Others services*

Revenue from the other services arise from using own research and development capabilities to develop customized online systems. Revenue is recognised when a performance obligation is satisfied, when control of the goods underlying the particular performance obligation is transferred to the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods transferred or services provided to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Share-based payments

The Company operates employee share plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the lock-up restricted period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Other employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

These financial statements are presented in RMB, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Deferred tax assets *(Continued)*

The Group has tax losses of RMB902,000 (2023: RMB828,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit for the year would have increased by RMB19,000 (2023: RMB32,000). Further details on deferred taxes are disclosed in note 16 to the consolidated financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns. For the debtors in severe financial difficulty, the Group individually assesses impairment losses.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the distribution sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the consolidated financial statements.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. No impairment was provided by the Group for non-financial assets as at December 31, 2024.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the consolidated financial statements.

Fair value of share-based payments

The fair value of the options is determined at the grant dates. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by management. Further details are included in note 28 to the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is mainly engaged in marketing services, merchandise sales and other related services, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) ***Revenue from external customers***

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,339,500**	1,006,697

The revenue information above is based on the locations of the customers.

(b) As the Group's non-current assets were located in the PRC during reporting period, no geographical information is presented.

Information about major customers

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer during reporting period.

Information about products and services have been disclosed under note 5 to the consolidated financial statements.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Revenue from marketing services	**1,097,443**	807,971
Revenue from merchandise sales	**184,614**	144,320
Revenue from other related service	**57,443**	54,406
Total	**1,339,500**	1,006,697
Timing of revenue recognition		
Goods transferred at a point in time	**184,614**	144,320
Services satisfied at a point in time	**57,443**	54,406
Services satisfied over time	**1,097,443**	807,971
Total	**1,339,500**	1,006,697

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous years:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Marketing services	**2,762**	182

All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

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

Marketing services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of completion of services and customer acceptance.

Merchandise sales

The performance obligation is satisfied when the control of the goods has been transferred by vending machines to the customers and payment upon delivery of goods is normally required.

Other related services

The performance obligation is satisfied at the point in time as services are completed and accepted by customers and payment is generally due within 90 days from the date of completion of services and customer acceptance.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Government grants	**6,978**	1,785
– Asset related	**2,720**	320
– Income related	**4,258**	1,465
Additional deduction of input value-added tax	**–**	4,135
Interest income	**4,214**	238
Exchange gains	**7,637**	84
Others	**535**	18
Total	**19,364**	6,260

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Interest on bank borrowings	**11,738**	1,543
Interest on lease liabilities	**192**	68
Total	**11,930**	1,611

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

		Year ended December 31,	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Cost of inventories sold		**145,896**	118,789
Depreciation of property, plant and equipment	*13*	**50,468**	55,515
Depreciation of right-of-use assets	*14*	**3,339**	2,512
Research and development costs		**91,542**	63,250
Auditor's remuneration		**2,842**	47
Listing expenses		**18,285**	25,284
Employee benefit expense (including directors' and chief executive's remuneration):	*8*		
Wages and salaries		**32,439**	31,390
Share based payment expense		**17,628**	14,634
Pension scheme contributions		**7,121**	6,890
Total		**57,188**	52,914
Foreign exchange gains, net	*5*	**(7,637)**	(84)
Interest income	*5*	**(4,214)**	(238)
Fair value gains on financial assets at FVTPL		**(21,424)**	–
Impairment losses on financial assets under ECL model, net of reversal	*17&19*	**34,888**	(197)
Write-down of inventories		**2,166**	6,291
Fair value losses on financial liabilities at FVTPL	*25*	**1,899,415**	24,088
Loss on disposal of items of property, plant and equipment		**3,121**	2,040

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for each reporting period, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Fees	**300**	N/A
Other emoluments:		
Salaries, allowances and benefits in kind	**1,440**	1,443
Pension scheme contributions	**369**	225
Share incentive plan expense	**274**	742
Total	**2,383**	2,410

During the years, certain directors were granted awarded shares, in respect of their services to the Group, further details of which are set out in note 28 to the consolidated financial statements. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executives' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Dr. CHE Lufeng	**100**	N/A
Mr. ZHU Lin	**100**	N/A
Mr. YANG Bo	**100**	N/A
Total	**300**	N/A

On November 2018, Dr. CHE Lufeng and Mr. ZHU Lin were appointed as independent non-executive directors of Shanghai Quna. Both of them were appointed as independent non-executive directors of Shanghai Quna from November 2018 to June 2021.

Dr. YANG Bo was appointed as independent non-executive director since May 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive

The remuneration of each director and chief executive of the Company during each reporting period is set out below:

2024

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Share incentive plan expense *RMB'000*	Total remuneration *RMB'000*
Directors:					
Ms. YIN Juehui *(note (i))*	540	–	124	–	664
Mr. CAO Liwen *(note (ii))*	420	–	121	–	541
Mr. HUANG Aihua *(note (iii))*	480	–	124	274	878
Non-executive directors:					
Mr. DAI Jianchun *(note (iv))*	–	–	–	–	–
Mr. CHEN Rui *(note (v))*	–	–	–	–	–
Ms. ZHOU Li *(note (vi))*	–	–	–	–	–
Independent Non-executive directors:					
Dr. CHE Lufeng	100	–	–	–	100
Mr. ZHU Lin	100	–	–	–	100
Mr. YANG Bo	100	–	–	–	100
Total	1,740	–	369	274	2,383

2023

	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Pension scheme contributions *RMB'000*	Share incentive plan expense *RMB'000*	Total remuneration *RMB'000*
Directors:					
Ms. YIN Juehui	540	–	75	182	797
Mr. CAO Liwen	423	–	75	182	680
Mr. HUANG Aihua	480	–	75	378	933
Non-executive directors:					
Mr. DAI Jianchun	–	–	–	–	–
Mr. CHEN Rui	–	–	–	–	–
Ms. ZHOU Li	–	–	–	–	–
Total	1,443	–	225	742	2,410

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and the chief executive *(Continued)*

(i) Ms. YIN Juehui has been appointed as a director of the Company with effect from June 2021. Ms. YIN Juehui is also the chief executive officer of the Company.

(ii) Mr. CAO Liwen has been appointed as a director of the Company with effect from September 2021.

(iii) Mr. HUANG Aihua has been appointed as a director of the Company with effect from September 2021.

(iv) Mr. DAI Jianchun has been appointed as a director of the Company with effect from September 2021.

(v) Mr. CHEN Rui has been appointed as a director of the Company with effect from September 2021.

(vi) Ms. ZHOU Li has been appointed as a director of the Company with effect from March 2022 and resigned in May 2024.

There was no arrangement under which a director waived or agreed to waive any remuneration during each reporting period.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the reporting period included three directors (2023: three), details of whose remuneration are set out in note 8.

Details of the remuneration for the year of the remaining two (2023: two) highest paid employees who are neither directors nor the chief executive of the Company are as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**1,052**	903
Pension scheme contributions	**243**	150
Share incentive plan expense	**32**	366
Total	**1,327**	1,419

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2024	2023
Nil to HKD1,000,000	**2**	2
Total	**2**	2

10. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the countries or jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains during the reporting period.

Hong Kong

The subsidiary which operates in Hong Kong is subject to profits tax at a rate of 8.25% applies to the first HKD2,000,000 of assessable profits, the remaining assessable profits is subject to profits tax at a rate of 16.5%.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

In 2019, Shanghai Quna was accredited as a "High and New Technology Enterprise" ("**HNTE**") and was entitled to a preferential income tax rate of 15% for a period of three years from December 2019 to December 2022. Shanghai Quna subsequently renewed its HNTE qualification in 2022 and is entitled to the preferential tax rate of 15% from December 2022 to December 2025.

The income tax expense of the Group for the reporting period is analyzed as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	**32,420**	22,701
Underprovision in respect of prior years	**230**	–
Deferred income tax	**(5,631)**	(2,567)
Total tax charge for the year	**27,019**	20,134

10. INCOME TAX *(Continued)*

Mainland China *(Continued)*

A reconciliation of the tax expense applicable to (loss)/profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the applicable tax rate is as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(1,635,709)**	156,836
Tax charged at the statutory tax rate	**(408,927)**	39,209
Preferential tax rate enacted by the subsidiary	**(26,338)**	(22,056)
Expenses not deductible for tax	**473,262**	10,718
Additional deductible allowance for research and development costs	**(11,227)**	(7,769)
Temporary difference and tax losses not recognised	**19**	32
Adjustments in respect of current tax of previous periods	**230**	–
Tax charge at the Group's effective rate	**27,019**	20,134

11. DIVIDENDS

The board of the directors of the Company did not recommend the payment of any dividend during the reporting period. The board of directors resolved not to declare any final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/earnings for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 199,108,235 (2023: 104,361,369) in issue outstanding during the year, as adjusted to reflect the situation of new shares issuance during the year.

For the year ended December 31, 2023, the calculation of the diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent adding fair value loss of RMB21,963,000 on the convertible redeemable preferred shares that had a dilutive effect and deducting effect of instrument that are convertible into ordinary shares of a subsidiary of RMB11,654,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares including the effect of dilution from convertible redeemable preferred shares that had a dilutive effect of 132,473,549 shares and options granted under the stock incentive plan of 15,772,158 shares, respectively.

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

No adjustment has been made to the basic loss per share amount presented for the year ended December 31, 2024 as the impact of the convertible redeemable preferred share and share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation:	**(1,672,156)**	130,942
Less: Instrument conversion into ordinary shares of a subsidiary	**–**	11,654
Add: Fair value loss of the convertible redeemable preferred shares that had dilutive effect	**–**	21,963
Total	**(1,672,156)**	141,251

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue outstanding during the year used in the basic (loss)/earnings per share calculation	**199,108,235**	104,361,369
Effect of dilution – weighted average number of ordinary shares:		
Share options granted under the stock incentive plan	**–**	15,772,158
Convertible redeemable preferred shares	**–**	132,473,549
Total	**199,108,235**	252,607,076

13. PROPERTY, PLANT AND EQUIPMENT

	Experiential vending machines *RMB'000*	Leasehold improvements *RMB'000*	Transport equipment *RMB'000*	Total *RMB'000*
December 31, 2024				
At January 1, 2024:				
Cost	273,356	3,049	–	276,405
Accumulated depreciation	(155,704)	(3,049)	–	(158,753)
Net carrying amount	117,652	–	–	117,652
At January 1, 2024 net of accumulated depreciation	117,652	–	–	117,652
Additions	70,796	–	661	71,457
Depreciation provided during the year	(50,376)	–	(92)	(50,468)
Disposals	(4,062)	–	–	(4,062)
At December 31, 2024 net of accumulated depreciation	134,010	–	569	134,579
At December 31, 2024:				
Cost	262,909	3,049	661	266,619
Accumulated depreciation	(128,899)	(3,049)	(92)	(132,040)
Net carrying amount	134,010	–	569	134,579

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Experiential vending machines RMB'000	Leasehold improvements RMB'000	Transport equipment RMB'000	Total RMB'000
December 31, 2023				
At January 1, 2023:				
Cost	292,048	3,049	–	295,097
Accumulated depreciation	(117,425)	(3,049)	–	(120,474)
Net carrying amount	174,623	–	–	174,623
At January 1, 2023, net of accumulated depreciation	174,623	–	–	174,623
Additions	805	–	–	805
Depreciation provided during the year	(55,515)	–	–	(55,515)
Disposals	(2,261)	–	–	(2,261)
At December 31, 2023, net of accumulated depreciation	117,652	–	–	117,652
At December 31, 2023:				
Cost	273,356	3,049	–	276,405
Accumulated depreciation	(155,704)	(3,049)	–	(158,753)
Net carrying amount	117,652	–	–	117,652

During the year, there was no impairment provided for the Group's property, plant and equipment.

14. LEASES

The Group as a lessee

The Group has lease contracts mainly for various items of buildings and warehouse used in its operations. Leases of buildings generally have lease terms between 24 months and 48 months, while warehouse has lease terms between 18 and 54 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings	Warehouse	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	1,654	440	2,094
Additions	2,333	1,186	3,519
Depreciation provided during the year	(1,981)	(531)	(2,512)
Disposal as a result of early cancellation of lease	(667)	(73)	(740)
As at December 31, 2023 and January 1, 2024	**1,339**	**1,022**	**2,361**
Additions	**5,709**	**–**	**5,709**
Depreciation provided during the year	**(2,873)**	**(466)**	**(3,339)**
As at December 31, 2024	**4,175**	**556**	**4,731**

(b) *Lease liabilities*

The carrying amounts of lease liabilities and the movements during the year are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	**2,187**	1,967
New lease	**5,709**	3,519
Accretion of interest recognised during the year	**192**	68
Payments	**(3,275)**	(2,609)
Disposal as a result of early cancellation of lease	**–**	(758)
Carrying amount at the end of the year	**4,813**	2,187
Analysed into:		
Current portion	**2,839**	1,659
Non-current portion	**1,974**	528

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(c) ***The amounts recognised in profit or loss in relation to leases are as follows:***

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**192**	68
Depreciation charge of right-of-use assets	**3,339**	2,512
Expense relating to short-term leases	**2,092**	1,495
The impact of early cancellation of lease	**–**	(18)
Total amount recognised in profit or loss	**5,623**	4,057

The maturity analysis of lease liabilities is disclosed in note 34 to the consolidated financial statements.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current		
Listed equity investments, at fair value*	**272,524**	–
Non-current		
Unlisted equity investments, at fair value**	**4,000**	4,000
Total	**276,524**	4,000

* Listed equity investments represented equity securities listed in Hong Kong.

** In January 2023, Shanghai Quxuan invested RMB4,000,000 to acquire a 10.53% equity interest in an unlisted company Shandong Sofine Food Technology Co., Ltd. ("**Shandong Sofine**") (山東頌飯食品科技有限公司). This investment was not accounted for under the equity method as Shanghai Quxuan does not have the power to participate in its operating and financial policy decisions, and it does not have any direct or indirect involvement in Shandong Sofine's board of directors.

Further details on the Group's fair value measurement are set out in note 34 to the consolidated financial statements.

16. DEFERRED TAX ASSETS

The movements in deferred tax assets of the Group during the year are as follows:

	Lease liabilities	Allowance for doubtful debts*	Provision for inventories	Loss available for offsetting against future tax profits	Deferred income	Accrued expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	54	6,917	1,320	–	156	–	8,447
Deferred tax credited/(charged) to the consolidated statement	(37)	2,869	(266)	49	(48)	–	2,567
As at December 31, 2023 and January 1, 2024	**17**	**9,786**	**1,054**	**49**	**108**	**–**	**11,014**
Deferred tax credited/(charged) to the consolidated statement	**55**	**5,584**	**(141)**	**(39)**	**(48)**	**220**	**5,631**
As at December 31, 2024	**72**	**15,370**	**913**	**10**	**60**	**220**	**16,645**

The amounts of unrecognised tax losses as at December 31, 2024 were RMB902,000 (2023: RMB828,000), which will expire in five to ten years for offsetting against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets have been recognised in relation to these tax losses as it is not considered probable that taxable profit will be available against which the losses can be utilised.

*: The deferred tax assets for allowance for doubtful debts are recognized in relation to loss allowance of trade receivables and other receivables including loss allowance of trade receivables that have been written off but not yet been approved by the local tax authority amounting to approximately RMB26,124,000 as at December 31, 2024 (2023: nil).

Deferred tax assets are recognised for all deductible temporary differences.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current		
Prepayments	**187,347**	67,756
Value-added-tax recoverable	**871**	3,355
Deposits and other receivables	**33,430**	3,809
Deferred listing expenses	**–**	3,331
	221,648	78,251
Allowance for expected credit loss	**(3,563)**	(1,463)
Total	**218,085**	76,788
Non-current		
Prepayments for property, plant and equipment	**30,023**	34,750
Deposits and other receivables	**12,000**	–
Total	**42,023**	34,750

18. INVENTORIES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Finished goods	**11,764**	27,785

19. TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**564,004**	541,331
Allowance for expected credit loss	**(53,996)**	(47,332)
Total	**510,008**	493,999
Denominated in RMB	**510,008**	493,999

The Group's trading terms with its customers are mainly on credit. The credit term is generally from three to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**293,963**	284,315
6 to 12 months	**145,775**	169,995
1 to 2 years	**70,270**	33,132
Over 2 years	**–**	6,557
Total	**510,008**	493,999

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

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year	**47,332**	48,371
Impairment losses, net	**32,788**	(1,039)
Write-down	**(26,124)**	–
At the end of the year	**53,996**	47,332

19. TRADE RECEIVABLES *(Continued)*

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. To measure the expected credit losses, trade receivables have been assessed on individual basis for debtors in severe financial difficulty, or by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at December 31, 2024, debtors of trade receivable with carrying amount of RMB25,906,000 (2023: RMB26,000,000) were assessed for ECL individually and loss allowance of RMB25,906,000 (2023: RMB26,000,000) was charged against the balance.

The information about the credit risk exposure on the Group's trade receivables assessed collectively by using a provision matrix is as follows:

As at December 31, 2024

	Expected credit loss rate	**Gross carrying amount** ***RMB'000***	**Expected credit losses** ***RMB'000***	**Net carrying amount** ***RMB'000***
Provision on a collective basis				
Aged within 6 months	**3.14%**	**303,505**	**9,542**	**293,963**
Aged 6 to 12 months	**3.14%**	**150,506**	**4,731**	**145,775**
Aged 1 to 2 years	**13.74%**	**81,462**	**11,192**	**70,270**
Aged over 2 years	**100.00%**	**2,625**	**2,625**	**–**
Total		**538,098**	**28,090**	**510,008**

As at December 31, 2023

	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*	Net carrying amount *RMB'000*
Provision on a collective basis				
Aged within 6 months	3.18%	293,648	9,333	284,315
Aged 6 to 12 months	3.18%	175,576	5,581	169,995
Aged 1 to 2 years	10.57%	37,048	3,916	33,132
Aged over 2 years	27.62%	9,059	2,502	6,557
Total		515,331	21,332	493,999

20. CASH AND BANK BALANCE

	As at December 31, 2024 RMB'000	2023 RMB'000
Cash and bank balances	**891,987**	299,018
Denominated in		
USD	**2,973**	265
RMB	**802,026**	298,699
SGD	**450**	–
HKD	**86,538**	54

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

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

	As at December 31, 2024 RMB'000	2023 RMB'000
Within 1 year	**19,002**	11,451
Total	**19,002**	11,451

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

22. OTHER PAYABLES AND ACCRUALS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Equipment payables	**29,750**	–
Salary payables	**5,199**	3,668
Other tax payables	**4,750**	194
Outsourcing service fee payables	**4,377**	997
Other payables and accruals	**1,958**	847
Accrual for listing expenses	**–**	3,698
Total	**46,034**	9,404

23. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Short-term advances received from customers:		
Sales of service	**5,065**	2,762

24. INTEREST-BEARING BANK BORROWINGS

	As at December 31, 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unpledged	**3.05**	**2025**	**50,000**
	3.10	**2025**	**19,900**
	3.20	**2025**	**59,940**
	3.45	**2025**	**50,000**
	3.60	**2025**	**50,000**
	3.70	**2025**	**20,000**
	3.75	**2025**	**50,000**
	3.80	**2025**	**75,000**
	3.85	**2025**	**40,000**
	4.50	**2025**	**12,000**
Total			**426,840**

	As at December 31, 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans – unpledged	3.85	2024	29,940
	3.75	2024	30,000
	3.45	2024	30,000
	3.70	2024	15,000
	3.20	2024	15,000
			119,940
Non-current			
Bank loans – unpledged	4.50	2025	13,500
Total			133,440

25. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The Group issued a series of convertible redeemable preferred shares to finance its operation. Details of the movements of the fair value of the convertible redeemable preferred issued are as follows:

	Convertible redeemable preferred shares *RMB'000*
As at January 1, 2023	1,310,947
Issue	60,000
Repurchase of convertible redeemable preferred shares	(80,000)
Termination of convertible redeemable preferred shares	(61,047)
Changes in fair value	24,088
As at December 31, 2023 and at January 1, 2024	**1,253,988**
Changes in fair value *(note)*	**1,899,415**
Automatic conversion of convertible redeemable preferred shares upon the IPO	**(3,153,403)**
As at December 31, 2024	**–**

	As at December 31,	
	2024 *RMB'000*	2023 *RMB'000*
Analysed into:		
Non-current portion	–	1,253,988
Total	–	1,253,988

Note: The increase in the fair value of the convertible redeemable preferred shares during the current year in the amount of RMB1,899,415,000 (2023: increase of RMB24,088,000) is recorded as fair value losses on financial liabilities at FVTPL in the statement of profit or loss and other comprehensive income for the year ended December 31, 2024.

26. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021. Upon its incorporation, the Company had an authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each. According to the amended and restated memorandum and articles of association of the Company passed in June 2023, the authorized share capital of the Company is US$50,000 divided into 5,000,000,000 ordinary shares with a par value with US$0.00001 each.

As at December 31, 2023, the Company had 104,361,369 shares with a par value of US$0.00001 each.

On May 27, 2024, the Company was successfully listed on the Main Board of the Stock Exchange following the completion of the issuance of 19,704,000 new shares of US$0.00001 each issued at an offer price of HK$25 per share.

As at May 27, 2024, all convertible redeemable preferred shares were automatically converted into 138,640,077 ordinary shares of the Company upon the Listing and the fair value of the convertible redeemable preferred shares as at May 27, 2024 was measured with reference to the IPO offer price of HK$25 per share.

Ordinary shares issued and fully paid:

	Numbers of ordinary shares	Share capital
As at December 31, 2023 and January 1, 2024: Ordinary shares of US$0.00001 each	**104,361,369**	**7**
Issue of shares pursuant to IPO	**19,704,000**	**1**
Automatic conversion of convertible redeemable preferred shares upon the Listing	**138,640,077**	**10**
As at December 31, 2024: Ordinary shares of US$0.00001 each	**262,705,446**	**18**

27. RESERVE

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statements of changes in equity.

28. SHARE BASED PAYMENTS

Share options

The Group operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, other employees of the Group, consultants of the Group or the affiliates or any entity in which the Group or affiliate holds a substantial interest (the "**Related Entity**"), and any persons who made special contributions in certain aspects to the Group or any Related Entity.

The vesting schedule of the share options granted would be subject to the service condition that would be satisfied over a period of 2 to 4 years. The options granted to directors and employees are accounted for as equity awards and measured at their grant date fair values.

The exercise prices and exercise periods of the share options outstanding as at the end of each reporting period is as follows:

	Number of share options	Average exercise price per share *(RMB)*
As at December 31, 2023	40,658,824	3.99
Forfeited during the year	**(1,340,000)**	**9.42**
As at December 31, 2024	**39,318,824**	**3.80**

	Number of share options	Exercise price per share *(RMB)*	Weighted average remaining contractual life *(Year)*
As at December 31, 2023	40,658,824	1.1~12.4	3.9
As at December 31, 2024	**39,318,824**	**1.1~12.4**	**2.9**

The number of share options and the average exercise price per share disclosed above have been adjusted to reflect the impact of implementing overseas incentive program to assume the onshore options arrangement.

The Group recognised share-based payment expenses in relation to the stock incentive plan of RMB17,628,000 (2023: RMB14,634,000) for the year ended December 31, 2024.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended December 31, 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,709,000 (2023: RMB3,519,000), in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Year ended December 31, 2024

	Interest-bearing bank borrowings *RMB'000*	**Lease liabilities** *RMB'000*	**Convertible redeemable preferred shares** *RMB'000*
At January 1, 2024	**133,440**	**2,187**	**1,253,988**
Changes from financing cash flows	**281,662**	**(3,275)**	**–**
Change in fair value	**–**	**–**	**1,899,415**
Interest expense *(note 6)*	**11,738**	**192**	**–**
Additions of lease liabilities	**–**	**5,709**	**–**
Automatic conversion of convertible redeemable preferred shares upon the IPO	**–**	**–**	**(3,153,403)**
At December 31, 2024	**426,840**	**4,813**	**–**

Year ended December 31, 2023

	Interest-bearing bank borrowings *RMB'000*	Lease liabilities *RMB'000*	Convertible redeemable preferred shares *RMB'000*
At January 1, 2023	41,247	1,967	1,310,947
Changes from financing cash flows	90,650	(2,609)	(20,000)
Change in fair value	–	–	24,088
Lease termination	–	(758)	–
Interest expense *(note 6)*	1,543	68	–
Additions of lease liabilities	–	3,519	–
Transfer of convertible redeemable preferred shares	–	–	(61,047)
At December 31, 2023	133,440	2,187	1,253,988

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

(c) Total cash outflow for leases

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Within operating activities	**2,092**	1,495
Within financing activities	**3,275**	2,609
Total	**5,367**	4,104

30. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period.

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Purchase of items of property, plant and equipment	**15,000**	16,750
Total	**15,000**	16,750

31. RELATED PARTY TRANSACTIONS

The following table sets forth the outstanding balances with related parties as of the dates indicated:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Amounts due from shareholders		
Beyond Branding *(note i)*	**–**	5
Q-robot *(note i)*	**–**	1
Kiosk Joy *(note i)*	**–**	1
Q-robot shop *(note i)*	**–**	–*
INSIGMA *(note i)*	**–**	–*
NeoBox *(note i)*	**–**	–*
QFUN Holding Limited *(note ii)*	**–**	–*
Total	**–**	7

* The relevant amount is less than RMB1,000.

Note i: These entities are owned by the controlling shareholders of the Company.

Note ii: This entity is owned by a Series C investor.

31. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel of the Group

	As at December 31, 2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**1,890**	1,864
Pension scheme contributions	**490**	300
Share incentive plan expense	**274**	926
Total	**2,654**	3,090

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

As at December 31, 2024

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade receivables	**–**	**510,008**	**510,008**
Financial assets included in prepayments, other receivables and other assets	**–**	**41,867**	**41,867**
Cash and bank balances	**–**	**891,987**	**891,987**
Financial assets at FVTPL	**276,524**	**–**	**276,524**
Total	**276,524**	**1,443,862**	**1,720,386**

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial assets *(Continued)*

As at December 31, 2023

	Financial assets at fair value through profit or loss *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Trade receivables	–	493,999	493,999
Amounts due from shareholders	–	7	7
Financial assets included in prepayments, other receivables and other assets	–	2,346	2,346
Cash and bank balances	–	299,018	299,018
Financial assets at FVTPL	4,000	–	4,000
Total	4,000	795,370	799,370

Financial liabilities

As at December 31, 2024

	Financial liabilities at fair value through profit or loss ***RMB'000***	**Financial liabilities at amortised cost** ***RMB'000***	**Total** ***RMB'000***
Trade payables	**–**	**19,002**	**19,002**
Financial liabilities included in other payables and accruals	**–**	**36,085**	**36,085**
Interest-bearing bank borrowings	**–**	**426,840**	**426,840**
Total	**–**	**481,927**	**481,927**

32. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities *(Continued)*

As at December 31, 2023

	Financial liabilities at fair value through profit or loss *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Trade payables	–	11,451	11,451
Financial liabilities included in other payables and accruals	–	5,542	5,542
Convertible redeemable preferred shares	1,253,988	–	1,253,988
Interest-bearing bank borrowings	–	133,440	133,440
Total	1,253,988	150,433	1,404,421

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments and other receivables, trade receivables, trade payables, financial liabilities included in other payables and accruals and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of the reporting period were assessed to be insignificant.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value:

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Financial assets				
Financial assets at FVTPL				
– Unlisted equity investment	**–**	**–**	**4,000**	**4,000**
– Listed equity investments	**272,524**	**–**	**–**	**272,524**
Total	**272,524**	**–**	**4,000**	**276,524**

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at FVTPL				
– Unlisted equity investment	–	–	4,000	4,000

The unlisted equity investment is not publicly traded in an open market. Therefore, the fair value of the investment was determined by an external valuer using a discounted cash flow model. The significant unobservable inputs are revenue growth rates and discount rate.

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy *(Continued)*

Liabilities measured at fair value:

As at December 31, 2024, there was no convertible redeemable preferred shares since the convertible redeemable preferred shares were automatically converted into ordinary shares upon the Listing.

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial liabilities				
Convertible redeemable preferred shares	–	–	1,253,988	1,253,988

Financial instruments in Level 3

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at December 31, 2023:

December 31, 2023

	Valuation technique	Significant unobservable inputs	Range of inputs	Increase/ (decrease) in the inputs *(%)*	Increase/ (decrease) of fair value to the input *RMB'000*
Convertible redeemable preferred shares	Back-solved method and option-pricing method	DLOM	1%~19%	1/(1)	(6,497)/ 6,497
		Risk-free interest rate	2.17%	1/(1)	(2,024)/ 2,661

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank borrowings, financial liabilities at FVTPL and amounts due to shareholders. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the Board holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in fair value relates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax through the impact on floating rate borrowings and the Group's equity.

	Increase/ (decrease) in basis points *RMB'000*	**(Decrease)/ increase in profit/(loss) after tax** *RMB'000*	**(Decrease)/ increase in equity** *RMB'000*
2024			
RMB	**100**	**NA**	**NA**
RMB	**(100)**	**NA**	**NA**
2023			
RMB	100	NA	NA
RMB	(100)	NA	NA

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from FVTPL purchased by operating units in currencies other than the units' functional currencies. Therefore, the Group is exposed to foreign currency risk.

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the HKD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). The remaining currency amounts are not material and are not tested separately.

	Increase/ (decrease) in HKD in base points	Increase/ (decrease) in profit after tax *RMB'000*
2024		
If the RMB weakens against the HKD	**100**	**2,686**
If the RMB strengthens against the HKD	**(100)**	**(2,686)**
2023		
If the RMB weakens against the HKD	100	NA
If the RMB strengthens against the HKD	(100)	NA

Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. As at December 31, 2024, the Group had certain concentrations of credit risk as 7.24% (2023: 6.15%) were due from the Group's largest customer in terms of the balance of trade receivables, and 31.81% (2023: 24.06%) were due from the Group's five largest customers in terms of the balance of trade receivables. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging

The table below shows the credit quality based on the Group's credit policy and the maximum exposure to credit risk presented at gross carrying amounts, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each reporting period.

December 31, 2024

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	564,004	564,004
Financial assets included in prepayments and other receivables and other assets – Normal**	45,430	–	–	–	45,430
Cash and bank balances	891,987	–	–	–	891,987
Total	937,417	–	–	564,004	1,501,421

December 31, 2023

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	541,331	541,331
Amounts due from shareholders	7	–	–	–	7
Financial assets included in prepayments and other receivables and other assets – Normal**	3,809	–	–	–	3,809
Cash and bank balances	299,018	–	–	–	299,018
Total	302,834	–	–	541,331	844,165

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging *(Continued)*

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are respectively disclosed in notes 19 and 17 to the consolidated financial statements, respectively.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2024			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	19,002	–	19,002
Financial liabilities included in other payables and accruals	–	36,085	–	36,085
Interest-bearing bank borrowings	–	435,771	–	435,771
Lease liabilities	–	2,981	2,036	5,017
Total	–	493,839	2,036	495,875

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	As at December 31, 2023			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	11,451	–	11,451
Financial liabilities included in other payables and accruals	–	5,542	–	5,542
Interest-bearing bank borrowings	–	122,892	14,613	137,505
Convertible redeemable preferred shares	–	–	1,042,342	1,042,342
Lease liabilities	–	1,703	544	2,247
Total	–	141,588	1,057,499	1,199,087

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group has established supplier finance arrangements to manage its working capital, details of which are included in note 29 to the consolidated financial statements.

The asset-liability ratio as at the end of the reporting period is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Total assets	**2,106,346**	1,067,374
Total liabilities	**540,678**	1,435,317
Asset-liability ratio*	**26%**	134%

* Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

35. EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Group after December 31, 2024.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Investment in a subsidiary	**693,903**	589,492
Total non-current assets	**693,903**	589,492
CURRENT ASSETS		
Financial assets at FVTPL	**272,524**	–
Prepayments, deposits and other receivables	**–**	4,244
Amounts due from shareholders	**–**	7
Amount due from a subsidiary	**162,287**	164,583
Cash and bank balances	**88,033**	318
Total current assets	**522,844**	169,152
CURRENT LIABILITIES		
Other payables and accruals	**–**	3,698
Total current liabilities	**–**	3,698
NET CURRENT ASSETS	**522,844**	165,454
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,216,747**	754,946
NON-CURRENT LIABILITIES		
Convertible redeemable preferred shares	**–**	1,253,988
Total non-current liabilities	**–**	1,253,988
Net assets/(liabilities)	**1,216,747**	(499,042)
EQUITY		
Share capital	**18**	7
Reserves	**1,216,729**	(499,049)
Total equity/(deficits)	**1,216,747**	(499,042)

Executive director　　　　　　*Executive director*

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

A summary of the Company's reserves is as follows:

	Capital reserve	Share award reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	(160,781)	7,817	(316,683)	(469,647)
Loss for the year	–	–	(44,036)	(44,036)
Total comprehensive expense for the year	–	–	(44,036)	(44,036)
Equity-settled share award plan	–	14,634	–	14,634
At December 31, 2023	(160,781)	22,451	(360,719)	(499,049)
At January 1, 2024	**(160,781)**	**22,451**	**(360,719)**	**(499,049)**
Loss for the year	**–**	**–**	**(1,880,550)**	**(1,880,550)**
Total comprehensive expense for the year	**–**	**–**	**(1,880,550)**	**(1,880,550)**
Issue of new shares upon the IPO	**425,307**	**–**	**–**	**425,307**
Automatic conversion of preferred shares upon the IPO	**3,153,393**	**–**	**–**	**3,153,393**
Equity-settled share award plan	**–**	**17,628**	**–**	**17,628**
At December 31, 2024	**3,417,919**	**40,079**	**(2,241,269)**	**1,216,729**

37. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the board of directors on March 10, 2025.

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AI"	artificial intelligence, simulation of human intelligence by machines
"Articles of Association"	the fourth amended and restated memorandum and articles of association of the Company conditionally adopted on May 5, 2024 with effect from the Listing Date and as amended, supplemented or otherwise modified from time to time
"Audit Committee"	the audit committee of the Board
"Beyond Branding"	Beyond Branding Limited, a limited liability company incorporated in the BVI on June 10, 2021, wholly owned by Jovie Trust, and one of the Controlling Shareholders
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairwoman"	the chairwoman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company" or "Qunabox Group"	Qunabox Group Limited (趣致集團), an exempted company with limited liability incorporated in the Cayman Islands on June 15, 2021, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0917)
"Concert Party(ies)"	refers to Ms. YIN Juehui (殷珏輝), Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. HUANG Aihua (黃愛華), Mr. QIAN Jun (錢俊) and Mr. WU Wenhong (吳文洪), and "Concert Party" means any one of them

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to the Concert Parties and their respective holding vehicles
"Director(s)"	the director(s) of the Company
"Global Offering"	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
"Group", "our", "we" or "us"	the Company and its subsidiaries and branch companies from time to time or, where the context so requires, in respect of the period prior to the Company became the holding company of its present subsidiaries and branch companies, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Helena Trust"	a trust established on August 27, 2021 by Ms. YIN Juelian (殷玨蓮) as the settlor and the beneficiary
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS(s)"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and International Accounting Standards and interpretation issued by International Accounting Standards Committee
"Independent Third Party(ies)"	any person(s) or entity(ies) which, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
"Jovie Trust"	a trust established on August 27, 2021 by Ms. YIN Juehui (殷玨輝) as the settlor and the beneficiary
"KA customer(s)"	key account customer(s)
"Kiosk Joy"	Kiosk Joy Holding Limited, a limited liability company incorporated in the BVI on June 10, 2021, wholly owned by Liwen Trust, and one of the Controlling Shareholders

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange on May 27, 2024
"Listing Date"	May 27, 2024
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Liwen Trust"	a trust established on September 24, 2021 by Mr. CAO Liwen (曹理文) as the settlor and the beneficiary
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NeoBox"	NeoBox Holding Limited, a limited liability company incorporated in the BVI on June 10, 2021, wholly owned by Mr. HUANG Aihua (黃愛華), and one of the Controlling Shareholders
"Nomination Committee"	the nomination committee of the Board
"Prospectus"	the prospectus of the Company dated May 17, 2024
"Quzhi Xiamen"	Xiamen Quzhi Technology Co., Ltd. (廈門趣致科技有限公司), a limited liability company established under the laws of the PRC on May 22, 2015 and a former subsidiary of the Company which was deregistered on April 24, 2022
"Relevant Period"	during the period from the Listing Date to December 31, 2024
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of China
"R&D"	research and development

DEFINITIONS

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Quleduo"	Shanghai Quleduo Information Technology Consulting Co., Ltd. (上海趣樂多信息技術諮詢有限責任公司), a limited liability company established under the laws of the PRC on August 3, 2021 and a subsidiary of the Company
"Shanghai Quna"	Shanghai Quna Network Technology Co., Ltd.* (上海趣致網絡科技有限公司), a limited liability company established under the laws of the PRC on July 18, 2013 and a subsidiary of the Company
"Shanghai Quxuan"	Shanghai Quxuan E-commerce Co., Ltd. (上海趣選電子商務有限公司), a limited liability company established under the laws of the PRC on March 29, 2018 and a subsidiary of the Company
"Shanghai Quzhi"	Shanghai Quzhi Network Technology Co., Ltd. (上海趣至網絡科技有限公司), a limited liability company established under the laws of the PRC on December 17, 2021 and a subsidiary of the Company
"Share(s)"	ordinary share(s) in the share capital of the Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Stock Incentive Plan"	the stock incentive plan of the Company approved and adopted by the Company on September 22, 2021
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"United States"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"US$"	United States dollars, the lawful currency of the United States
"%"	per cent

* *For identification purposes only*