中国奇点国峰控股有限公司
China Qidian Guofeng Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1280

2024
ANNUAL REPORT

CONTENTS

The English names of the PRC entities mentioned in this annual report marked "" are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.*

Corporate Information

EXECUTIVE DIRECTORS

Mr. Yuan Li (Chairman)
Mr. Xu Xinying (Resigned on 6 November 2024)
Mr. Sun Yue (Vice-Chairman and Chief Executive Officer) (Appointed on 27 May 2024)
Mr. Yuan Lijun (Vice-Chairman and Co-Chief Executive Officer) (Appointed on 15 October 2024)
Mr. Zhuang Liangbao

NON-EXECUTIVE DIRECTORS

Mr. Wang Xianfu (Appointed on 27 May 2024)
Mr. Gu Changchao (Appointed on 21 January 2024 and resigned on 15 October 2024)
Ms. Xu Honghong (Removed on 21 January 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Yihua
Mr. Chen Rui
Ms. Tang Chung Kwan Brenda (Appointed on 6 November 2024)
Mr. Fung Tak Choi (Resigned on 6 November 2024)

COMPANY SECRETARY

Ms. Mu Weiwei, FCG, HKFCG

AUDIT COMMITTEE

Mr. Zhang Yihua (Chairman)
Mr. Chen Rui
Ms. Tang Chung Kwan Brenda

REMUNERATION COMMITTEE

Mr. Zhang Yihua (Chairman)
Mr. Yuan Li
Mr. Chen Rui

NOMINATION COMMITTEE

Mr. Chen Rui (Chairman)
Mr. Zhang Yihua
Ms. Tang Chung Kwan Brenda

AUTHORISED REPRESENTATIVES

Mr. Yuan Li
Ms. Mu Weiwei

REGISTERED OFFICE

The offices of Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN CHINA

Room 3602,
Jingxing Sea Building,
No. 3125, Linhai Avenue, Nanshan Street,
Qianhai Shenzhen-Hong Kong Cooperation Zone,
Shenzhen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 1928, 19/F,
Lee Garden One,
33 Hysan Avenue,
Causeway Bay
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Bank of China (Yangzhou Branch)
No. 541 Wenchang Middle Road
Yangzhou City
Jiangsu Province
PRC

Agricultural Bank of China (Wenchang Branch)
No. 334 Wenchang West Road
Hanjiang District
Yangzhou City
Jiangsu Province
PRC

China Construction Bank (Yangzhou Branch)
No. 398 Wenchang Middle Road
Yangzhou City
Jiangsu Province
PRC

STOCK CODE

1280

WEBSITE OF THE COMPANY

www.qidianguofeng.cn
(information on the website does not form part of this annual report)

Financial and Operational Highlights

01

Revenue for 2024 was approximately RMB442.0 million, representing an increase of 38.2% from approximately RMB319.8 million for 2023, mainly attributable to the increased revenue from liquor sales and education-related training services with our active business expansion.

02

Gross profit margin for 2024 was 26.7%, while that for 2023 was 19.3%.

03

Operating loss for 2024 was approximately RMB2,218.7 million, while there was an operating profit of approximately RMB85.4 million for 2023.

04

Loss for 2024 was approximately RMB2,226.9 million, while there was profit of approximately RMB53.7 million for 2023.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of China Qidian Guofeng Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 31 December 2024.

Chairman's Statement

In 2024, China's economic development is facing unprecedented challenges due to the complex and changing international environment and severe domestic economic restructuring, but the overall operation is stable, steady and progressive, showing a trend of rising before, falling after and rising again. The Company faces various challenges and opportunities in its overall development due to changing circumstances.

Confronted with the intricate economic environment and scientific policies of the CPC Central Committee, the Company has actively studied the impact of macroeconomic situation and policies to adjust and diversify its development strategies. Being true to our new consumption strategy, we have adopted both offline and online retail channels and made full use of other marketing methods, such as live commerce through management, word-of-mouth platforms and WeChat Mini Programs, to improve the diversification and fragmentation degree of retail channels in terms of home appliances and Maotai-flavor liquor. In addition, with the help of the training business injected into the Company by Beijing Shengshang Entrepreneurial Technology Co., Ltd. (北京聖商創業科技有限公司) ("Beijing Shengshang"), we have vigorously developed the training business to create a "three-legged" development situation.

In 2024, the home appliance market ascended after suppression. Especially in the second half of the year, the spillover effects of the policy were further revealed with the help of the trade-in state subsidy policy. According to the National Household Appliance Trade-in Data Platform of the Ministry of Commerce, as of 0: 00 on 13 December 2024, the trade-in of household appliances has driven the sales of eight product categories to more than 49 million units, with sales of first-class energy-efficient products accounting for more than 90%. On 8 November 2024, Finance Minister Lan Foan said that in line with the economic and social development targets for next year, a stronger fiscal policy will be implemented, support for the renewal of large-scale equipment will be increased, and the variety and scale of trade-in of consumer goods will be expanded. With the ongoing implementation of the trade-in policy, the domestic household appliance market demand has been released, which will also bring opportunities and challenges to the development of the company's household appliance business.

Chairman's Statement

After about five years of rapid development, the Maotai-flavor liquor industry has entered a cyclical adjustment from competing for market share, and the dual rationality of consumption and downward price have become the new trend of the Maotai-flavor liquor industry market. Guided by the goals of popularization and nationalization, the Maotai-flavor liquor industry, which returns to rational development, focuses on brand development, making further refinement of its products an inevitable trend. As competition in the market intensifies, how to continuously expand market share through the brand strength, quality assurance and strong marketing capabilities of Maotai-flavor liquor enterprises, and how to break into the hot Maotai-flavor liquor market has become a major test brought by industry changes. The Company has adjusted its development strategy in light of the new trends in the Maotai-flavor liquor industry, and has introduced Mr. Sun Yue, a core talent with over 30 years of management experience in the liquor and beer industries, to serve as the Company's Vice Chairman, executive Director and Chief Executive Officer. The joining of Mr. Sun Yue has brought many improvements to the Company's Maotai-flavor liquor division in brand building, marketing and channel resource integration. In the future, the Company will focus on brand influence and market development through AI empowerment to strengthen the terminal experience and continuously improve the performance of the Maotai-flavor liquor business.

According to the White Paper on the Development of Enterprise Training Industry in China (《中國企業培訓行業發展白皮書》) in 2023, the pattern of enterprise training industry will show a highly dispersed development trend, with the scale of enterprise training market exceeding RMB1.3 trillion in 2025. China enterprises have enormous potential for improvement in management. According to the data of the State Administration for Market Regulation, by the end of 2024, there were 189 million registered business entities nationwide, representing an increase of 3.1% over the end of 2023. In the first three quarters of 2024, 14.024 million self-employed individuals were newly registered nationwide. Among them, the number of newly registered primary, secondary and tertiary industries was 777,000, 658,000 and 12.589 million respectively. The target group of our training business is mainly micro-, small- and medium-sized enterprises, which have a wide scope for market development. The Company has introduced Mr. Yuan Lijun, a core talent with more than 16 years' experience in the training industry, as the Vice Chairman, executive Director and co-CEO of the Company, thereby effectively enhancing the Company's capabilities in product innovation, curriculum research and development, market development and digital transformation, as well as helping the Company achieve rapid development in enterprise training business.

Chairman's Statement

2025 is the last year of the "14th Five-Year Plan". Economic operations have proved to be still difficult and challenging in the face of many influences brought about by changes in the external environment. The Political Bureau of the Central Committee of the Communist Party of China, which met on 9 December 2024, set the tone that a more proactive fiscal policy and a moderately loose monetary policy will be implemented, thereby enriching and improving policies, strengthening unconventional countercyclical adjustment and making good use of beneficial policies to improve the foresight, pertinence and effectiveness of macro-control. China's economy will develop steadily despite the challenges.

With the steady development of the macro economy, consumption is expected to continue to recover in 2025. According to the study, the driving force for consumption growth comes from two sources: First, household incomes have gradually improved, which has raised consumer expectations. Consumption is a function of income, and the current macro-economy continues to recover, with the growth rate of per capita disposable income of residents roughly matching the economic growth rate. In 2025, with marginal improvements in property income for residents and continued increases in prices and wage income, income expectations will improve, thus facilitating a shift from income and savings to consumption; Second, the introduction of trade-in policies to promote consumption has strongly supported consumption in new energy vehicles, home appliances and home improvement, with remarkable results. According to the Ministry of Finance, it is necessary to "expand the variety and scale of trade-in of consumer goods" in 2025, which will effectively support consumption. The Company's home appliance retail and liquor business will certainly benefit from the growth in consumption.

Chairman's Statement

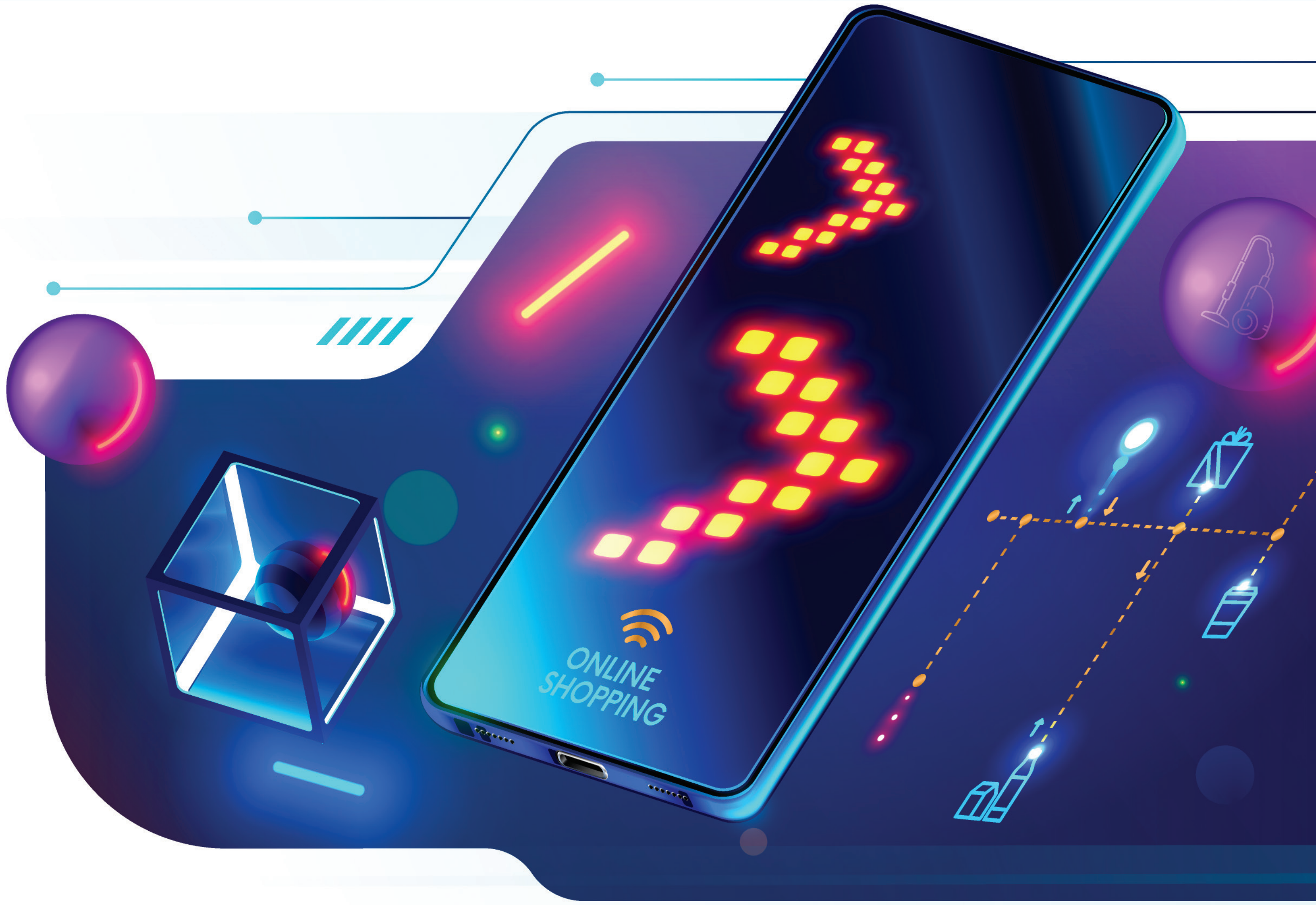
Finally, on behalf of the Board, I would like to express my wholehearted thanks to all shareholders and investors who have shown their care and support to the Company. The continuous efforts of all staff members of the Group are highly respected and appreciated, and we would also like to extend our sincere gratitude to different sectors of the community for their support. We will continue to balance the interests of shareholders, employees and customers, and pursue long-term and sustainable development for the Company.

I am very confident in leading all employees of the Group to overcome all challenges and further advance the Company's new consumption strategy with technological empowerment.

Yuan Li
Chairman

Hong Kong, 28 March 2025

Management Discussion and Analysis



MARKET REVIEW

In 2024, China's economic operation generally showed a steady upward trend. On the one hand, with the continuous optimization of the economic structure and the continuous breakthrough of high-quality development, the main macroeconomic indicators have met the desired targets. In particular, since September and October, various indicators have shown marginal improvement and the market vitality has increased. On the other hand, the foundation for a stable economic recovery needs to be further consolidated, as insufficient domestic demand, declining corporate profits and weak social expectations remain prominent, and there is still an obvious temperature difference between macro indicators and micro feelings.

BUSINESS REVIEW

In 2024, the home appliance market ascended after suppression. In the first half of the year, the home appliance market was at a relatively low state, as the home appliance industry encountered challenges from many aspects, including the uncertain global economic environment, reduced purchasing power of consumers and a lack of new markets. In the third quarter, the home appliance market witnessed a significant recovery in the second half of the year as a number of positive factors accumulated, such as the release of favorable policies, product upgrades due to technological innovation, and the gradual recovery of consumer confidence. The Company's home appliance business was also boosted and influenced by the positive trend in the home appliance industry.

Management Discussion and Analysis

In the Maotai-flavor liquor industry where the Company has developed business, it is estimated that by the end of the "14th Five-Year Plan", the liquor industry will have made RMB800,000 million in sales revenue and RMB200,000 million in profits, according to the "14th Five-Year Plan" Development Guide for the Chinese Alcohol Beverage Industry (Draft for Comment) (《中國酒業「十四五」發展指導意見(徵求意見稿)》). However, the development of Maotai-flavor Liquor business has moved into deep waters, with the trend of brand centralization intensifying and the benefits further concentrated in favorable production areas and enterprises. At present, the industry is increasingly competitive, with a well-defined brand split that has created a pattern of "one major player, two minor players, followed by a few comparative smaller but strong players".

As for the training business the Company has engaged in, in recent years, the government has introduced a number of policies such as tax and fee reductions, and optimization of the business environment to encourage and support the development of small and medium-sized enterprises, and continuously invigorate market entities. According to the data of the State Administration for Market Regulation, by the end of 2024, there were 189 million registered business entities nationwide, representing an increase of 3.1% over the end of 2023. In the first three quarters of 2024, 14.024 million self-employed individuals were newly registered nationwide. Among them, the number of newly registered primary, secondary and tertiary industries was 777,000, 658,000 and 12.589 million respectively.

As a diversified enterprise, the Group continues to develop the home appliance segment and actively deploys and promotes Maotai-flavor liquor and training businesses. During the reporting period, the Group has promoted work in the aspects below:

1. UNDER DIFFERENTIATION OF DOMESTIC DEMAND, FOCUS ON MARKETING AND PAY ATTENTION TO MARKETING BONUS OF EMERGING CHANNELS OF HOME APPLIANCE

Under the macro environment of the slowdown of economic growth and complex international situation, consumer goods companies are facing greater challenges, which brings larger demand for differentiated and refined operations. Sales channels are changing obviously after the pandemic. In terms of online channels, traditional shelves' flow is decreasing, while channels like Douyin are rising rapidly and in the process of the development dividend period, and the content platform of Xiaohongshu has become the recommendation blue ocean of home appliances category. In terms of offline channels, the front-end channels of home appliances are integrated with home construction materials, and the downward channels continue to be intensively cultivated and expanded, constantly refining and expanding lower-tier markets.

The Group's home appliance chain retailing mainly targets consumer groups in the third- and fourth-tier cities. On the one hand, it further explores fragmented channels for marketing, and on the other hand, places more efforts to accelerate the transformation of various channels. In particular, the Group enhances offline customer experience through redecorating all stores, with comfortable and cozy offline experience as a breakthrough point, which speeds up the integration of multiple channels such as live, short video, WeChat community and the like, so as to improve the Group's retail performance.

2. ENHANCING BRAND INFLUENCE AND STEADILY EXPANDING THE SALES MARKET OF MAOTAI-FLAVOR LIQUOR

In 2024, despite the intense competition, China's baijiu market still showed solid risk resistance and continued development resilience. Consumers have decreased their purchases, but not their pursuit of quality, and cost-effectiveness is the core support for consumers' rational choices. In terms of products, popularized liquor products with "high quality and excellent price" have shown strong growth momentum.

During the Reporting Period, the Company paid close attention to and conducted research on the industry development trend, based on which to actively promote Maotai-flavor Liquor business line, strengthen the construction of distributors, vigorously develop Maotai-flavor Liquor business, thus developing a secondary growth curve for business growth and steadily enhancing the profitability of the Company. On one hand, Guizhou Renhuai Guofeng Liquor Company Limited (貴州仁懷國峰酒業有限公司) (Guizhou Guofeng), a subsidiary of the Group, was awarded the Gold Medal at the ISGC2023 International Spirits Grand Challenge. Additionally, with a brand value of RMB8.183 billion, it secured a position on the Huazunbei (華尊杯) rankings. Furthermore, it received two prestigious honours: "2024 Huazunbei Guizhou Province Sauce-flavored Baijiu Quality Pioneer Brand (二零二四年度華樽杯中國貴州省醬酒品質先鋒品牌)" and "Top 10 Cost-effective Maotai-flavor Baijiu Brands in China (中國醬香型白酒十大性價比優勝品牌)", further solidifying its position as a rising star in the Maotai-flavor baijiu sector. Guizhou Guofeng launched the exclusive Guofeng Maotai-flavor Liquor (國峰醬酒), which aims at mid- to high-end market. Being overseen by various China liquor consultants with a background in state-owned enterprises in production technology processes, the Guofeng Maotai-flavor Liquor has guaranteed quality and higher value of collection and tasting. Currently, the Guofeng Maotai-flavor Liquor has gradually formed a multi-channel sales model, which consists of offline distributors + online store, livestreaming, sales on social media communities and private e-commerce. It will grasp the development potential opportunities of Maotai-flavor liquor, attract related distributors and increase sales. During the Reporting Period, the Company launched "Shengjiu Classic ("勝酒"經典)," a benchmark for high-quality and affordable Maotai-flavor baijiu in China, and introduced the "Shengyouhui (勝友薈)" community model. Additionally, the Company entered into a strategic cooperation agreement with BXL Creative Packaging CO. Ltd (stock code: BJ833075), a company listed on the Beijing Stock Exchange, laying a solid foundation for the Company's development in 2025. On the other hand, Yuanli Liquor (Shenzhen) Co., Ltd. (原力酒業 (深圳) 有限公司) (Yuanli Liquor), a subsidiary of the Company in liquor industry, kept optimizing the product design including logo and packages as well as cultivating and improving the operating and marketing capabilities. Maotai-flavor liquor products were released as scheduled.

Management Discussion and Analysis

3. DEEPENING THE TRAINING BUSINESS AND INJECTING NEW GROWTH MOMENTUM

While steadily promoting home appliances and Maotai-flavor Liquor business, the Company is actively exploring new drivers of business growth. The Company relies on two training platforms, Shenzhen Co, a 51%-owned subsidiary, and Beijing Shengshang, a 100%-owned subsidiary, to conduct its training business. Shenzhen Co focused on agency services for business management courses designed and delivered by course providers and sales, marketing and provision of training services including capital market investment and financing. Beijing Shengshang is a micro-, small- and medium-sized enterprise and individual business entrepreneurship training services provider in the PRC which targets entrepreneurs and senior executives in micro-, small- and medium-sized enterprises, as well as individual businesses and customers who are interested in establishing start-up enterprises. As a High and New Technology Enterprise and Beijing "Specialized and New" Small and Medium-Sized Enterprise (北京市"專精特新"中小企業), Beijing Shengshang empowers clients and supports corporates' sustainable development through cloud platforms, SaaS tools, and big data. Beijing Shengshang provides a variety of training courses for families, individuals, small and medium-sized business owners, and entrepreneur clients, including the development of the Nine-Dimensional Wealth Course System (九維財富系列課程體系). Presented personally by company founders, prominent figures in venture capital, and industry experts, this program interprets the entrepreneurial spirit and investment strategies of the new era. They focus on innovative financial thinking, building the fundamental logic of investment and financing, and integrating cutting-edge financial technology and capital market tools. Through unique enterprise listing simulation exercises and case study discussions, the program provides practical training to help entrepreneurs and small and medium-sized enterprises innovate business models, enhance individual and corporate capabilities, and develop globally minded talent with a financial perspective, which injected new growth momentum for the result development of the Company.

4. INTRODUCING INDUSTRY EXPERTS

While steadily advancing its home appliance, Maotai-flavor liquor, and training businesses, the Company has brought in Mr. Sun Yue and Mr. Yuan Lijun, among other seasoned experts from the liquor and training industries. 1) In terms of industry experience and professional capabilities, Mr. Sun Yue, as a seasoned expert in the baijiu and beer industries, possesses extensive industry experience and professional knowledge, enabling the Company to quickly understand the operational dynamics, consumer demands, and industry trends of the Maotai-flavor baijiu market. His addition will further enhance the Company's strategic planning, product development, and marketing capabilities within the Maotai-flavor Liquor sector. Mr. Yuan Lijun possesses extensive experience in the training business and is capable of providing professional guidance to the Company's training operations, optimising the design of training systems, course development, and instructor management, thereby enhancing the professionalism and market competitiveness of the training business. 2) In terms of resource integration and industry collaboration, Mr. Sun Yue's industry resources and extensive network can assist the Company in establishing cooperative relationships with high-quality suppliers, distributors, and channel partners, accelerating the deployment and expansion of its Maotai-flavor liquor business. Mr. Yuan Lijun can introduce additional premium industry resources, including renowned lecturers and training institution partners, to enhance the brand influence and market share of the Company's training business. 3) In terms of strategic planning and business innovation, the addition of Mr. Sun Yue can provide the Company's Maotai-flavor liquor business with more forward-looking strategic planning, assisting the Company to accurately position itself amid intense market competition and explore differentiated pathways for development. Meanwhile, his innovative mindset may drive the upgrade of Maotai-flavor liquor products and the development of new products. Mr. Yuan Lijun shall promote innovation in the training business by integrating industry trends and market demands, such as developing customised training programs and introducing digital training tools, thereby enhancing the added value of the training services and customer satisfaction.

Overall, the addition of Mr. Sun Yue and Mr. Yuan Lijun to the Company will not only help the Company to enhance its competitiveness, expand its market and optimise its operations in the Maotai-flavor liquor and training sectors, but will also strengthen the confidence of the capital market, enhance the valuation of the Company and create long-term value for the Shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue for 2024 was approximately RMB442 million, representing an increase of 38.2% from approximately RMB319.8 million for 2023, which is mainly attributable to the increased revenue from liquor sales and education-related training services with our active business expansion.

Turnover of the Group comprises revenues as follows:

	2024 RMB'000	2023 RMB'000
Types of goods and services		
Sales of household appliances	271,790	239,848
Sales of liquor	102,296	52,380
Education-related training services	67,908	27,585
	441,994	319,813
Timing of revenue recognition		
A point in time	374,086	292,228
Over time	67,908	27,585
	441,994	319,813

Cost of sales and services

For the year ended 31 December 2024, the cost of sales and service was approximately RMB324.2 million, increased by 25.6% from that of approximately RMB258.1 million for the year ended 31 December 2023, which was due to the increased costs of liquor sales and education-related training businesses with the starting of new business of the Company.

Gross profit

For the year ended 31 December 2024, the gross profit was approximately RMB117.8 million, increased by 90.6% from that of RMB61.8 million for the year ended 31 December 2023.

Other income

For the year ended 31 December 2024, other income recorded by the Group amounted to approximately RMB5.3 million, in comparison to other income of approximately RMB5.9 million for the year ended 31 December 2023.

Management Discussion and Analysis

Other gain and losses, net

For the year ended 31 December 2024, the Group recorded other net gain of approximately RMB6.7 million, in comparison to other gain of approximately RMB4.7 million for the year ended 31 December 2023.

Selling and marketing expenses

For the year ended 31 December 2024, the Group's total selling and marketing expenses amounted to approximately RMB85.5 million, representing an increase by 37.2% from approximately RMB62.3 million for the year ended 31 December 2023.

Administrative expenses

For the year ended 31 December 2024, the Group's total administrative expenses amounted to approximately RMB74.8 million, increased by 157.9% from approximately RMB29.0 million for the year ended 31 December 2023.

Operating (loss)/profit

For the year ended 31 December 2024, the operating loss amounted to approximately RMB2,218.7 million, in comparison of other operating profit of approximately RMB85.4 million for the year ended 31 December 2023.

Net finance costs

For the year ended 31 December 2024, the net finance costs of the Group amounted to approximately RMB10.8 million, representing a decrease by 65.9% in comparison to approximately RMB31.7 million for the year ended 31 December 2023.

(Loss)/profit before tax

For the year ended 31 December 2024, the loss before tax amounted to approximately RMB2,229.5 million, while the profit before tax was approximately RMB53.8 million for the year ended 31 December 2023.

Income tax

For the year ended 31 December 2024, the income tax credit of the Group amounted to approximately RMB2,662,000, while the income tax expense was approximately RMB79,000 for the year ended 31 December 2023.

Total comprehensive (expense)/income attributable to owners of the Company

The total comprehensive expense attributable to owners of the Company for the year ended 31 December 2024 was approximately RMB2,221.7 million, while the total comprehensive income attributable to owners amounted to approximately RMB55.9 million for the year ended 31 December 2023.

Cash and cash equivalents

As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB27.7 million, a decrease of 82.9% from approximately RMB162.3 million as at 31 December 2023.

Inventories

As at 31 December 2024, the Group's inventories amounted to approximately RMB44.9 million, representing a decrease of 20.4% from RMB56.4 million as at 31 December 2023.

Prepayments, deposits and other receivables

As at 31 December 2024, prepayments, deposits and other receivables of the Group amounted to approximately RMB43.6 million, representing an increase of 9.0% from approximately RMB40.0 million as at 31 December 2023.

Trade receivables

As at 31 December 2024, trade receivables of the Group amounted to approximately RMB8.4 million, representing an increase of 121.1% from approximately RMB3.8 million as at 31 December 2023.

Trade and bills payables

As at 31 December 2024, trade and bills payables of the Group amounted to approximately RMB33.6 million, in comparison approximately RMB36.6 million as at 31 December 2023.

Gearing ratio and the basis of calculation

As at 31 December 2024, gearing ratio of the Group was 64.7%, decreased from that of 232.7% as at 31 December 2023. The gearing ratio is equal to total liabilities divided by the sum of total equity and total liabilities.

Liquidity and financial resources

For the year ended 31 December 2024, the Group's working capital, capital expenditure and investment cash were funded from cash on hand and borrowings. As at 31 December 2024, the borrowings of the Group amounted to RMB109.8 million, representing a decrease of 76.7% from RMB471.2 million as at 31 December 2023.

Pledge of assets

As at 31 December 2024, none (2023: RMB32 million) of right-of-use assets, buildings and investment properties had been pledged.

Investment property

During the year ended 31 December 2024, there was no investment property.

Management Discussion and Analysis

Foreign currencies and treasury policy

All the income and the majority of expenses of the Group were denominated in RMB. During the year, the Group has not entered into any forward contracts to hedge its exposure to foreign exchange risk. The Group does not have a foreign currency hedging policy. However, the Directors closely monitor the Group's foreign exchange exposure and may, depending on the circumstances and trend of foreign currencies, consider adopting appropriate foreign currency hedging policy in the future.

Final dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

Employment and remuneration policy

The Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to our staff is fixed with reference to the prevailing market rates in the region and on the basis of the merit, qualifications and level of competence of its staff. Our management (including the Directors) receives a fixed sum of basic salary and a discretionary performance bonus after annual/monthly/quarterly assessments. The emoluments of the Directors are decided by the remuneration committee, having regard to the Company's operating results, their individual performance and comparable market statistics.

The remuneration of other employees of the Group comprises basic salary and an attractive sum of monthly performance bonuses. In compliance with the applicable statutory requirements in the PRC and existing requirements of the local government, our Group participates in different social welfare plans for our employees.

Human resources

As at 31 December 2024, the Group had 283 employees, decreased by 5.67% from 300 employees as at 31 December 2023.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Please refer to note 12 to the consolidated financial statements for details of remuneration of the Directors for the year ended 31 December 2024.

Details of the remuneration by band of Directors and senior management of the Company, whose biographies are set out in the section headed "Directors' and Senior Management's Profile" on pages 46 to 50 of this annual report, for the year ended 31 December 2024 are set out below.

Remuneration bands (RMB)	Number of individuals (Note)
0 – 1,000,000	11
1,000,001 – 4,000,000	2

Note: Ms. Xu Honghong was removed as a non-executive Director on 21 January 2024. Mr. Sun Yue was appointed as an executive Director, vice-chairman and chief executive officer on 27 May 2024. Mr. Wang Xianfu was appointed as a non-executive Director on 27 May 2024 and Mr. Yuan Lijun was appointed as an executive Director, vice-chairman and co-chief executive officer on 15 October 2024. Ms. Tang Chung Kwan Brenda was appointed as an independent non-executive Director on 6 November 2024 and Mr. Xu Xinying resigned as a vice chairman of the Board and an executive Director of the Company on 6 November 2024. Mr. Fung Tak Choi resigned as an independent non-executive Director of the Company on 6 November 2024 and Mr. Gu Changchao was appointed as a non-executive Director of the Company on 21 January 2024 and resigned on 15 October 2024.

FUTURE OUTLOOK

Looking ahead to 2025, which marks the concluding year of China's "14th Five-Year Plan" as well as the planning year for the "15th Five-Year Plan", China's economy will continue to face numerous challenges and opportunities. Externally, uneven global economic recovery, escalating geopolitical tensions, and rising trade protectionism all contribute to uncertainties surrounding China's economic development. Internally, China's economy has reached a critical stage of transformation and industrial upgrading. The acceleration of over 300 major reform initiatives introduced at the Third Plenary Session of the 20th Central Committee of the Communist Party of China is well underway, while the ongoing deepening of reforms and opening-up continues to stimulate internal dynamism and foster innovation across society.

In light of the favourable analysis of macroeconomic conditions, industry recovery trends, and the development prospects of various business segments, the Group will direct its efforts towards the following areas:

1. DIGITAL-INTELLIGENCE-DRIVEN UPGRADE AND TRADE-IN TREND

Currently, the home appliance market has entered the 3.0 phase, characterized by internal consumption upgrades. During this stage, emerging home appliances such as frost-free refrigerators, smart washing machines, air purifiers, cordless vacuum, and heat-pump dryers have become market highlights. The rise of these new appliances is closely tied to consumer transformation. With the emergence of Generation Z (digital natives) and elderly consumers, home appliance demand is gradually shifting toward trends such as "enjoyable living," "integrated embedding," "diversified integration," "convenience-driven lifestyles," and "aesthetically appealing designs." Looking ahead to 2025, China's home appliance industry is expected to maintain low-speed sales growth, primarily driven by the positive effects of domestic appliance "trade-in" policies and steady export growth. As trade-in programs become increasingly prevalent across regions, the spillover effects of these policies will further stimulate consumption upgrades and structural adjustments in the home appliance market.

Based on the aforementioned emerging trends in the home appliance industry, in the future, the Group will, on one hand, focus on increasing the proportion of high-end, intelligent, and environmentally friendly smart home appliances, paying close attention to consumption trends and shifts among Generation Z and elderly consumer groups to enhance product gross margins. On the other hand, the Group will monitor the positive impacts of "trade-in" policies, proactively adjusting product strategies to drive sales of high-efficiency and intelligent home appliances. Meanwhile, the Group will expand its product line comprehensively to tap into emerging market segments, including elderly-friendly appliances, health-oriented home products, and smart home solutions. Finally, the Group will emphasize service chain integration to enhance user experience, including optimising its service system and developing end-to-end solutions covering everything from product selection and installation to recycling old appliances. For instance, coordinating with home appliance suppliers to arrange convenient door-to-door services for the simultaneous removal of old appliances and installation of new ones will further increase consumer engagement and satisfaction.

Management Discussion and Analysis

2. AI-DRIVEN PRECISE INTELLIGENT MARKETING TO ENHANCE MARKET PENETRATION

Amid intense competition and strong brand effects within the Maotai-flavor liquor industry, it is particularly crucial for enterprises in Maotai-flavor liquor industry to strengthen market expansion and brand promotion through targeted sales channels to enhance market penetration. According to the "Guizhou Province Action Plan for Promoting High-Quality AI Development (2025-2027) (《貴州省推動人工智能高質量發展行動方案 (2025-2027年) 》)" issued by the People's Government of Guizhou Province on 28 December 2024, the province will actively promote the application of AI large models in key industries such as Maotai-flavor liquor, chemicals, and coal, aiming to enhance intelligence and digitalization levels across these sectors. This initiative represents a proactive exploration of digital transformation in China's traditional liquor culture and outlines a clear future direction for the development of the Maotai-flavor liquor industry.

The Group's Maotai-flavor liquor business is also influenced by the development trends in the baijiu industry. Moving forward, on the one hand, the Group will emphasize strengthening distributor management by fully leveraging distributors' networks and operational strengths to solidify distribution channels for Maotai-flavor liquor. On the other hand, the Group will focus on developing AI vertical large model and AI applications to analyse and mine extensive consumer data. These AI large models will enable the Group to better understand consumer needs, preferences, and purchasing behaviours, thereby achieving precise marketing. The Group shall develop personalised marketing strategies and promotional programs based on consumer characteristics and behaviours, thereby enhancing marketing effectiveness and return on investment. For example, the Group may deliver targeted personalized product recommendations and promotional campaigns to consumers across different regions, age groups, and spending habits, increasing consumers' engagement and conversion rates. Finally, the Group will emphasize brand culture and innovation by consistently promoting the Guofeng Liquor brand philosophy. It will ensure that distributors are well-versed in the Company's brand culture, including its mission, vision, and values. At the same time, market services will be tailored to align with consumer preferences, effectively meeting diverse demands and ultimately driving enhanced sales performance.

3. BUILDING AN AI-EMPOWERED OMO NEW RETAIL PLATFORM TO ENHANCE COMPETITIVENESS IN MAOTAI-FLAVOR LIQUOR QUALITY

Research indicates that despite rapid growth in recent years, the Maotai-flavor liquor market continues to confront challenges, including pronounced product homogeneity, limited consumer awareness, and channel inefficiencies. To stand out in the competitive landscape, it is essential to leverage AI technology and adopt an Online-Merge-Offline (OMO) model to establish a new retail platform, thereby enhancing competitiveness in the quality of Maotai-flavor liquor.

The Group focuses on AI empowerment and the application of vertical AI models in the Maotai-flavor liquor sector. Moving forward, we will enhance core competencies in intelligent customer service and smart marketing through AI-powered solutions. By implementing the OMO model, we aim to create seamless online-to-offline consumer experiences, providing convenient digital purchasing channels that display product information and buyers' reviews. Simultaneously, we will establish immersive cultural experience spaces for Maotai-flavor liquor, offering services such as product tasting and customization to deepen consumers' understanding and purchasing intent toward Maotai-flavor liquor. These initiatives will continuously strengthen the brand influence and market penetration of Guofeng Maotai-flavor Liquor, developing a secondary growth curve for performance enhancement while steadily improving corporate profitability. Following the successful launch of "Shengjiu Classic ("勝酒"經典)," a China's benchmark product for high-quality yet affordable Maotai-flavor liquor, we will adopt a consumer-centric approach. Through data analysis and user profiling, we will gain precise insights into consumer needs, conduct thorough evaluations of Maotai-flavor liquor products, and develop market-driven offerings with significant cultivation potential. Meanwhile, the Group will place greater emphasis on the utilisation of big data analytics to optimise inventory management and logistics distribution, thereby enhancing supply chain efficiency. Additionally, the Group will focus on cultural heritage and brand image building to further strengthen its market influence.

4. CAPTURING GROWTH POTENTIAL IN THE TRAINING MARKET AND STEADILY ADVANCING THE TRAINING BUSINESS

According to publicly available information, the expansion of China's corporate training market is driven by multiple factors. First, robust government policy support, such as promoting lifelong vocational skills training and reinforcing enterprises' roles as primary providers of training, has improved corporate engagement. Second, amid the norm of economic transformation, businesses face challenges in talent development and technological innovation, generating increased demand for training aimed at enhancing innovation capabilities. Additionally, societal changes and structural upgrading in industry have led to structural imbalances in labour supply and demand, further accelerating the development of the corporate training industry. It is projected that China's corporate training market size will increase to RMB1,319.4 billion by 2025.

The Group will grasp the favorable opportunity with the improvement of macro economy and the recovery of small- and medium-sized enterprises' vitality, continue to expand the Group's training business by relying on Shenzhen Co, our subsidiary, and Beijing Shengshang. The Group will steadily develop training agency business of training for small- and medium-sized enterprises, take full advantage of its self-course research and development and agent training business course model, deeply engage in five training businesses (i.e. investment and financing in capital market, family education, sinology, study tour and new media), and continue to focus on capital market training areas which include business models, equity structure, capital structure, entrepreneurial mindset, and business management. Meanwhile, the Group will enhance marketing strategy such as "precision marketing", aiming at special target student and customer, and adopt targeted marketing strategies in the aspects of marketing strategies, means, ways and price, so as to improve the market shares and the brand influence of the Company when meeting personalized demand of student and customers.

5. ESTABLISHING A NEW CONSUMER PRODUCT ECOSYSTEM CONNECTED THROUGH MAOTAI-FLAVOR LIQUOR

Core Concept of the New Consumer Product Ecosystem: Utilising Maotai-flavor liquor as a medium to integrate users, brands, culture, and lifestyle, thereby creating a diversified and immersive new consumer product ecosystem that meets users' aspirations for high-quality living.

Research indicates that with consumption upgrading and the rapid development of the Maotai-flavor liquor market, consumers' demand has shifted from mere product consumption to seeking cultural experiences, emotional connections, and lifestyle expression. Establishing a new consumer product ecosystem connected through Maotai-flavor liquor is thus an essential step toward adapting to market trends, satisfying consumer needs, and enhancing brand value. Moving forward, the Group will build a new consumer product ecosystem connected through Maotai-flavor liquor from several perspectives(among others): the core Maotai-flavor liquor products, Maotai-flavor liquor's related products, cultural experiences on Maotai-flavor liquor, digital platforms, and operating models. First, we will develop premium, high-value Maotai-flavor liquor products to meet high-end consumption demands. Second, we will design high-end liquor utensils aligned with Maotai-flavor liquor culture to elevate the tasting experience. Third, we will create immersive spaces dedicated to Maotai-flavor liquor cultural experiences, offering services such as tasting sessions, customised products, and cultural salons. Finally, we will provide convenient online purchasing channels featuring product information and user reviews, enhancing user engagement and value through online and offline events as well as community operations. By establishing a diversified and immersive product ecosystem, we can fulfil consumers' pursuit of a high-quality lifestyle, facilitate the Group's industrial transformation and upgrading, and achieve sustainable development.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

Recognizing the importance of a publicly-listed company's responsibilities to enhance its transparency and accountability, the Group is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in part 2 of Appendix C1 to the Listing Rules that provides a framework and solid foundation for achieving, attracting and retaining the high standard and quality of the Group's management, promoting high standards of sound internal control, accountability and transparency to all shareholders and also meeting the expectations of the Group's various stakeholders. The Group is also committed to continuously improving these practices and inculcating an ethical corporate culture.

Throughout the reporting year, the Company has complied with the code provisions as set out in the CG Code, except for the deviation from the code provision C.2.1 of the Code. Under 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. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. As at the date of this annual report, Mr. Yuan Li acted as an executive Director and the chairman of the Board, and assumed the interim duties and responsibilities of the chief executive following the resignation of Ms. Liu Simei on 23 September 2022. However, having considered the nature and extent of the Company's operations, and Mr. Yuan Li's in-depth knowledge and experience in the industry and familiarity with the operations of the Company, that all major decisions are made in consultation with members of the Board and relevant Board committees, and that there are three independent non-executive Directors on the Board offering independent perspectives, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstances thereby facilitating the execution of the Group's business strategies and boosting effectiveness of its operation, as well as enabling more effective planning and better execution of long-term strategies.

In order to comply with code provision C.2.1 of the CG Code that the roles of chairman and chief executive should be separate and should not be performed by the same individual, with effect from 27 May 2024, Mr. Sun Yue, an executive Director, has been appointed as the new chief executive officer of the Company. Mr. Yuan Li will remain as an executive Director, the chairman of the Board and the member of the remuneration committee of the Company. For details, please refer to the announcement of the Company dated 27 May 2024. With effect from 15 October 2024, Mr. Yuan Lijun, an executive Director, has been appointed as the co-chief executive officer of the Company. For details, please refer to the announcement of the Company dated 15 October 2024.

THE BOARD

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

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

Board Composition

The Board currently comprises eight members, consisting of four executive Directors, one non-executive Director, and three independent non-executive Directors:

Executive Directors:
Mr. Yuan Li, Chairman, member of the Remuneration Committee
Mr. Sun Yue, Vice-chairman and chief executive officer
Mr. Yuan Lijun, Vice-chairman and co-chief executive officer
Mr. Zhuang Liangbao

Non-executive Director:
Mr. Wang Xianfu

Independent Non-executive Directors:
Mr. Zhang Yihua, Chairman of the audit committee of the Company ("**Audit Committee**") and the remuneration committee of the Company ("**Remuneration Committee**") and member of the nomination committee of the Company ("**Nomination Committee**")
Mr. Chen Rui, Chairman of the Nomination Committee, member of the Audit Committee and the Remuneration Committee
Ms. Tang Chung Kwan Brenda, member of the Audit Committee and the Nomination Committee

Mr. Sun Yue, Mr. Yuan Lijun, Mr. Wang Xianfu and Ms. Tang Chung Kwan Brenda were appointed as the executive Director, the executive Director, non-executive Director and independent non-executive Director on 27 May 2024, 15 October 2024, 27 May 2024 and 6 November 2024, respectively. Mr. Sun Yue, Mr. Yuan Lijun, Mr. Wang Xianfu and Ms. Tang Chung Kwan Brenda have obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 27 May 2024, 15 October 2024, 27 May 2024 and 6 November 2024, respectively, and they have confirmed that they understood their obligations as a director of a listed issuer.

The biographical information of the Directors are set out in the section headed "Directors' and Senior Management's Profile" on pages 46 to 50 of this annual report.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Save as disclosed in the section headed "Directors' and Senior Management's Profile" on pages 46 to 50 of this annual report, there are no financial, business, family or other material/relevant relationships among members of the Board.

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board, and of whom at least one independent non-executive Director must possess appropriate professional qualifications or accounting or related financial management expertise.

The Company has received a written annual confirmation of independence from each of its Independent Non-executive Directors. The Company considers that all independent non-executive Directors are independent in accordance with the independence guidelines as set out in the Listing Rules.

Corporate Governance Report

The Company has established the Board Independence Evaluation Mechanism (the "**Mechanism**") during the year which set out the process and procedures to ensure independent views and input are available to the Board, with the following key features: (i) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive Directors, for appointment as Directors; (ii) the Nomination Committee will assess annually the independence of all independent non-executive Directors; and (iii) the Directors are entitled to seek, at the Group's expense, independent professional advice reasonably necessary for discharging their duties as Directors. Such mechanisms are conducted on an annual basis by the Board. The Board has reviewed the implementation and effectiveness of the Mechanism and considered it to be effective for the year ended 31 December 2024.

Each of the non-executive Directors (including independent non-executive Directors) brings a wide range of business and financial expertise, experience and independent judgement to the Board. Through active participation at Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all the non-executive Directors make various contributions to the strategic direction of the Company.

Appointment, Re-election and Removal of Directors

Code provision B.2.2 of the CG Code states that all directors, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing on the respective date of their appointment. Each of their appointment can be terminated by either party giving not less than three months' prior notice in writing to the other. Mr. Yuan Li entered into a service contract with the Company commencing on 26 August 2023. Mr. Sun Yue entered into a service contract with the Company commencing on 27 May 2024. Mr. Yuan Lijun entered into a service contract with the Company commencing on 15 October 2024. Mr. Zhuang Liangbao entered into a service contract with the Company commencing on 28 August 2023.

Each of the non-executive Directors (including independent non-executive Directors) entered into an appointment letter with the Company for a term of three years commencing on 8 March 2019 for Ms. Xu Honghong, non-executive Director; on 21 January 2024 for Mr. Gu Changchao, non-executive Director; on 23 August 2022 for Mr. Zhang Yihua, independent non-executive Director, on 4 July 2018 for Mr. Chen Rui, independent non-executive Director; on 19 February 2019 for Mr. Fung Tak Choi, independent non-executive Director; and on 6 November 2024 for Ms. Tang Chung Kwan Brenda, independent non-executive director. The appointment of each of the non-executive Directors (including independent non-executive Directors) can be terminated by either party giving not less than three months' prior notice in writing to the other.

In accordance with the Company's articles of association (the "**Articles of Association**"), all Directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board by the Board shall hold office only until first annual general meeting after his appointment and shall then be eligible for re-election at that meeting.

In accordance with Article 16.18 of the Articles of Association, Mr. Chen Rui and Mr. Zhang Yihua shall retire at the Annual General Meeting. In addition, Mr. Yuan Lijun and Ms. Tang Chung Kwan Brenda who have been appointed by the board on 15 October 2024 and 6 November 2024 respectively shall hold office until the Annual General Meeting pursuant to Articles 16.2 of the Articles of Association. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly-appointed Director has received induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors are encouraged to participate in appropriate continuous professional development to develop and refresh their knowledge and skills so as to ensure that their contribution to the Board remains informed and relevant.

Records of training received by each existing Director are summarized below:

Directors	Types of Training
Mr. Yuan Li	B
Mr. Sun Yue	B
Mr. Yuan Lijun	B
Mr. Zhuang Liangbao	B
Mr. Wang Xianfu	B
Mr. Zhang Yihua	B
Mr. Chen Rui	B
Ms. Tang Chung Kwan Brenda	B

A *Attending in-house briefing(s)*
B *Attending seminar(s) and training(s)*
C *Reading materials relating to directors' duties and responsibilities*

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors and the list of the chairman and members of each Board committee is set out in the section headed "Corporate Information" on page 2.

Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor, and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee comprises the independent non-executive directors, namely Mr. Zhang Yihua, Mr. Chen Rui and Ms. Tang Chung Kwan Brenda, including one Independent Non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise.

Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only, with a minimum of three members with independent non-executive directors in majority and at least one member with appropriate professional qualifications or accounting or related financial management expertise.

During the year, the Audit Committee held two meetings to review the 2023 annual financial results, 2024 interim results and change of auditor, all members of the Audit Committee had attended the meetings.

During the year, the Board did not hold a different view from the Audit Committee on the appointment, designation or dismissal of external auditors.

During the year, the Audit Committee also met the external auditor without the presence of the executive Directors.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive directors and senior management, the remuneration policy and structure for all directors and senior management; assessing the performance of executive Directors; review and/or approve matters relating share schemes under Chapter 17 of the Listing Rules; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee comprises one executive Director, Mr. Yuan Li and two independent non-executive Directors, Mr. Zhang Yihua and Mr. Chen Rui. Mr. Zhang Yihua has been appointed as the chairman of the Remuneration Committee.

During the year, the Remuneration Committee held two meeting, to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors, senior management, and the work in relation to the proposed granting of Awards to the Grantees, amendment of the 2023 Share Award Scheme and refreshment of Scheme Mandate Limit and Service Provider Sublimit.

Regarding the shorter vesting period for Mr. Sun Yue, an executive director, Vice-Chairman and Chief Executive Officer of the Company, pursuant to the Share Award Scheme, the Board may impose a shorter vesting period to selected employees to provide competitive terms and conditions to individuals that the Board considers are valuable talent for the development and growth of the businesses of the Group in order to attract and induce them in accepting the employment offer made by the Group to them. When considering the proposed grant of Award Shares to Mr. Sun, the Remuneration Committee took into account of the extensive experience of Mr. Sun Yue in high-profile Chinese baijiu and beer companies, the Company's intention to further develop and expand its liquor business and the insights of Mr. Sun Yue in the Chinese baijiu and beer industry which is valuable to the Group and is of the view that Mr. Sun Yue is a valuable talent for the development and growth of the liquor businesses of the Group and it is appropriate to grant Award Shares with shorter vesting period in order to offer a competitive remuneration package so to attract and induce Mr. Sun Yue to enter into the employment contract with the Group and to increase his loyalty and motivate him to contribute further to the development and growth of the Group. Such Award Shares are subject to a lock-up period of three years from the Vesting Date. In the event that Mr. Sun Yue leaves the Company in three years from the Vesting Date, such vested Award Shares shall be returned to the Company. The Remuneration Committee considers that the grant of the Award Shares to Mr. Sun Yue with shorter vesting period is in line with the objective and purpose of the Share Award Scheme, inter alia, to attract suitable personnel for further development of the Group and such grant is in the interests of the Company and its Shareholders as a whole.

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive directors.

The Nomination Committee consists of three members, Mr. Chen Rui, Mr. Zhang Yihua and Ms. Tang Chung Kwan Brenda, all of whom are independent non-executive Directors. Mr. Chen Rui has been appointed as the chairman of the Nomination Committee.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would review the implementation of the Board diversity policy in achieving the objectives set for the benefits of the Company.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year, the Nomination Committee held two meetings, to review the structure, size and composition of the Board and the independence of the independent non-executive directors, and to consider and recommend to the Board on the appointment of Executive/Non-executive/Independent Non-executive Directors. The Nomination Committee considers that an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Report

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

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

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. As of the date of this annual report, 1 of 5 of the Company's senior management are female. As of 31 December 2024, the Group had a total of 164 female staff out of 283 employees, representing 58% of the employees of the Group. As of the date of this annual report, the Board comprised 8 Directors, including one female. The Board members are diverse in terms of education background, professional experience, skills, knowledge, gender and service term. The Board actively seeks to ensure it has an appropriate mix of diversity and has a number of initiatives to meet its strategic imperative of ensuring it has a diverse Board. It also conducts structured recruitment, selection and training programmes at various levels within the Group to develop a broader pool of skilled and experienced potential Board members. The Board considers that the current composition of the Board, with core competencies in areas such as accounting and finance, legal profession, management and consulting is appropriate for the businesses of the Company. The Board and the Nomination Committee will review its composition from time to time taking into consideration of the specific needs for the overall Group's businesses and the Group will continue to take opportunities to increase the proportion of female board members and workforce over time as and when suitable candidates are identified. Further details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report of the Company.

The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 December 2024.

Director Nomination Procedure

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employee Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings				
	Board Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Audit Committee Meetings	Annual/ Extraordinary General Meetings
Executive Directors					
Mr. Yuan Li	8/8	N/A	2/2	N/A	7/7
Mr. Xu Xinying (resigned on 6 November 2024)	5/7	N/A	N/A	N/A	5/7
Mr. Sun Yue (appointed on 27 May 2024)	2/4	N/A	N/A	N/A	3/7
Mr. Yuan Lijun (appointed on 15 October 2024)	2/2	N/A	N/A	N/A	2/7
Mr. Zhuang Liangbao	8/8	N/A	N/A	N/A	7/7
Non-executive Directors					
Ms. Xu Honghong (removed on 21 January 2024)	2/2	N/A	N/A	N/A	0/7
Mr. Gu Changchao (appointed on 21 January 2024 and resigned on 15 October 2024)	4/6	N/A	N/A	N/A	5/7
Mr. Wang Xianfu (appointed on 27 May 2024)	3/4	N/A	N/A	N/A	3/7
Independent Non-executive Directors					
Mr. Zhang Yihua	8/8	2/2	2/2	2/2	6/7
Mr. Chen Rui	8/8	2/2	2/2	2/2	6/7
Mr. Fung Tak Choi (resigned on 6 November 2024)	7/7	2/2	N/A	2/2	5/7
Ms. Tang Chung Kwan Brenda (appointed on 6 November 2024)	1/1	0/2	N/A	0/2	2/7

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of the other executive Directors to discuss the business of the Company during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the reporting year.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company and of the Group for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company and the Group's financial statements, which are put to the Board for approval.

Risk Management and Internal Controls

The Board has overall responsibility for the risk management and internal control systems of the Group and for reviewing its effectiveness. The Board is also responsible for maintaining an adequate risk management and internal control systems to safeguard the interests of the shareholders and the assets of the Group.

The risk management and internal control systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks. 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 Company has established a "Anti-fraud and Whistleblowing Management System" to conduct the action of employees in daily operations. Through the annual self-reflection, the Company reviews the implementation of the code of ethics and related regulations to ensure that the code of ethics and related regulations are implemented in actual operations and management practices, and effectively eliminated bribery, extortion, fraud, money laundering, etc., to balance and maintain the interests of the Group and stakeholders and build long-term partnerships.

The Company will take different actions against the corruption. First, the Company has engaged an independent auditor to conduct an independent audit of the Company and prevented and controlled the Group's corruption or unethical conduct through internal monitoring and independent audit. Second, the Company provided an anti-fraud mailbox and an anti-fraud anonymous hotline to the internal and external parties of the Company, accepting complaints and whistleblowing from internal employees of the Company and related suppliers/agents/fixed customers of the Company with dedicated personnel to carry out proper recording and storage of the cases. The Company shall keep any complaints or whistleblowing confidential to prevent the personal interest and benefit of complainants or whistleblowers from being compromised.

From 1 January 2024 and up to the date of this report, the Company was not involved in any corruption cases concerning its employees or the Company.

An internal audit function is set up to examine key issues in relation to the financial and operational matters and practices and to provide the findings and any recommendations for improvement to the Audit Committee. In addition, the Audit Committee of the Board regularly receives reports from the internal audit department on the current internal control work to keeps abreast of the Group's integrity work.

With a view to identifying, handling and disseminating inside information, procedures have been implemented by the Group to ensure that unauthorized access and use of information are strictly prohibited.

The Board has conducted two reviews on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Areas of improvement have been identified and appropriate measures have been put in place to manage the risks. The improvement of the systems of risk management and internal control is an ongoing process and the Board will continue to assess the effectiveness of the Group's risk management and internal controls by considering reviews performed by the Audit Committee and executive management. As a whole, the Company considers its risk management and internal control systems effective and adequate for the year ended 31 December 2024.

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the section headed "Independent Auditor's Report" on pages 51 to 57.

For the year ended 31 December 2024, the fees paid/payable with respect of audit and non-audit services provided by the Company's external auditor are approximately RMB2.5 million. Details of the service fees are set out below:

Service Category	Fees Paid/Payable RMB'000
Audit Services	
Current year	1,600
Non-audit Services	900
Total	2,500

COMPANY SECRETARY

Ms. Wong Yuen Ki has resigned as company secretary of the Company with effect from 12 February 2025, and Ms. Mu Weiwei, the secretary of the Company, has been appointed to replace Ms. Wong since then.

Ms. Wong confirmed that she has taken no less than 15 hours of relevant professional training during the year ended 31 December 2024.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at www.qidianguofeng.cn, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company or via email to ybx@sscy.cn for any enquiries.

The Board welcomes the view of shareholders and encourages them to attend general meetings to raise any concern they might have with the Board or the management directly. Board members (or their delegates as appropriate) and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

CONSTITUTIONAL DOCUMENTS

There was no change to the Articles of Association during the year. The Articles of Association are available on the websites of the Stock Exchange and the Company.

Corporate Governance Report

POLICY RELATING TO SHAREHOLDERS

The Company has in place a Shareholders' Communication Policy to ensure the shareholders' views and concerns are appropriately addressed. During the year ended 31 December 2024, the Company has reviewed the Shareholders' Communication Policy and considered that the policy was effectively implemented with the measures as disclosed under the paragraphs headed "Communications with Shareholders and Investor Relations" and "Shareholders' Rights".

The Company has adopted a Dividend Policy on payment of dividends. The Board aims to declare and recommend dividends which would amount in total to not less than 15% of the annual net profit of the Company to its shareholders according to HKFRSs, subject to a basket of conditions and factors. Such intention does not amount to any guarantee or representation or indication that the Company must or will declare and pay dividend in such manner and pay any dividend at all.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors.

Extraordinary general meetings may be convened by the Board on the written requisition of any two or more shareholders (or one shareholder which is a recognised clearing house) holding not less than one-tenth of the paid up capital of the Company or by such shareholder(s) who made the requisition (the "**Requisitionist(s)**") (as the case may be) pursuant to article 12.3 of the Articles of Association. The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the principal office of the Company in Hong Kong. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the Requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address:	Room 3602, Jingxing Sea Building, No. 3125, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, PRC
Tel:	86-755-60845987
Email:	ybx@sscy.cn

Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) together with their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Any shareholder who wishes to put forward proposals at general meetings of the Company shall submit such proposals to the Board of the Company in writing for the Board's consideration not less than 7 days prior to the date of a general meeting. Contact details of the Board are the same as set forth above in this section.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the Articles of Association and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.qidianguofeng.cn) immediately after the relevant general meetings.

GOING CONCERN

There are no material uncertainties relating to events or conditions that would cast significant doubt upon the Company's and the Group's ability to continue as a going concern.

An analysis of the financial risk on liquidity of the Group is included in note 2 to the consolidated financial statements.

Report of the Directors

The Board is pleased to present this annual report of the Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activities of the Group include the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance, the liquor business and provision of education-related training services in the People's Republic of China (the "**PRC**").

BUSINESS REVIEW

The business review of the Group during the year and a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Description of possible risks and uncertainties that the Group may be facing can be found in the section headed "Management Discussion and Analysis" section of this annual report. The financial risk management objectives and its valuation processes of the Group are set out in note 43(b) to the consolidated financial statements. The review forms part of this annual report.

ENVIRONMENTAL POLICY

The Group has endeavored to protect the environment by minimizing environmental adverse impacts in daily operations, such as investing in energy-efficient lighting and equipment, enhancing paper recycling to reduce consumption and waste, and raising the environmental awareness of our people. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organization.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company was incorporated in the Cayman Islands with its shares listed on the Main Board of Stock Exchange. The Group mainly carries out retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance, the liquor business and provision of education-related training services in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material respects with the relevant laws and regulations in the Cayman Islands, Hong Kong and the PRC during the year.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Details of the key relationships between the Company and its employees, customers and suppliers are set out in the paragraphs headed "Employment and Remuneration Policy", "Human Resources" and "Major Customers and Suppliers" in this annual report.

Report of the Directors

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 58 to 145 of this annual report.

The Company has not declared any interim dividend during the year. The Directors do not recommend any payment of final dividend for the year.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 61 and in note 29 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group and Company are set out in Notes 29 and 48 to the consolidated financial statements.

Under the Companies Law, a company may make distribution to its shareholders out of the share premium account under certain circumstances.

As at 31 December 2024, there are no reserves available for distribution to shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the applicable laws of the Cayman Islands, which 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 of the Company by reason of their holding of the Company's securities.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2024 are set out in note 47 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this annual report have been:

Executive Directors

Mr. Yuan Li
Mr. Xu Xinying (resigned on 6 November 2024)
Mr. Sun Yue (appointed on 27 May 2024)
Mr. Yuan Lijun (appointed on 15 October 2024)
Mr. Zhuang Liangbao

Non-executive Directors

Ms. Xu Honghong (removed on 21 January 2024)
Mr. Gu Changchao (appointed on 21 January 2024 and resigned on 15 October 2024)
Mr. Wang Xianfu (appointed on 27 May 2024)

Independent Non-executive Directors

Mr. Zhang Yihua
Mr. Chen Rui
Mr. Fung Tak Choi (resigned on 6 November 2024)
Ms. Tang Chung Kwan Brenda (appointed on 6 November 2024)

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the annual general meeting has entered into or has proposed to enter into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical information of the Directors of the Company are set out in the section headed "Directors' and Senior Management's Profile" section on pages 46 to 50 of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024 and up to the date of this annual report, no Directors are considered to have interests, either directly or indirectly, in a business which competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules.

Report of the Directors

CONNECTED TRANSACTION IN RELATION TO THE AGENCY AGREEMENT

On 28 August 2023, Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司)("**Shenzhen Co**") entered into the agency agreement (the "**Agency Agreement**") with Beijing Shengshang Entrepreneurial Technology Co., Ltd. (北京聖商創業科技有限公司)("**Beijing Shengshang**"), pursuant to which Beijing Shengshang authorised Shenzhen Co to act as its agent for sales and promotion of Beijing Shengshang's training courses and services.

As at 28 August 2023, Mr. Yuan Li is an executive Director and a substantial shareholder of the Company, controlling 65,001,624 Shares (representing approximately 29.64% of the issued share capital of the Company). Meanwhile, Mr. Yuan Li together with parties acting in concert pursuant to an acting in concert arrangement collectively control 58.47% of the issued share capital of Beijing Shengshang. Therefore, Beijing Shengshang is an associate of Mr. Yuan Li and a connected person of the Company. As such, the transaction contemplated under the Agency Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of transaction fees under the Agency Agreement. The Annual Caps on the aggregate transaction fees under the Agency Agreement payable to Beijing Shengshang for the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025, respectively are RMB10 million, RMB55 million and RMB58 million, respectively.

The principal activities of the Group include the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance and the liquor business in the PRC. Meanwhile, the Group has been actively exploring investment and business opportunities to broaden its assets and revenue base. Beijing Shengshang has a long history and a successful record of operating its training services business in the PRC. Beijing Shengshang promotes its training programs and enhances its overall brand recognition among prospective students with extensive sales channels. Marketing activities of Beijing Shengshang are mainly conducted through the sales agencies, which are supported by the sales and marketing team and monitored by the monitoring and surveillance team of Beijing Shengshang. Given the strong record of Beijing Shengshang's training services business, Shenzhen Co, acting as an agent to Beijing Shengshang, will bring in a new source of income to the Group. The Company is positive about the prospects of the Shenzhen Co also because the management team Shenzhen Co has rich experience in sales and marketing of similar business. Most of the members of the management team of Shenzhen Co have more than ten years of experience in the education and training industry, good management skills, sales channel development capabilities, as well as technical support capabilities. Taking all the factors into consideration, it is beneficial to the Group to introduce this new business.

The details were disclosed in the announcements of the Company dated 28 August 2023 and 10 November 2023, and the circular of the Company dated 24 October 2023.

During the year, the total transaction fees payable by the Group amounted to RMB5,904,000.

The independent non-executive Directors have reviewed the continuing connected transaction described above and confirmed that such continuing connected transaction has been entered into:

a) in the ordinary and usual course of business of the Group;

b) on normal commercial terms or better; and

c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The price and the terms of the Agency Agreement have been determined in accordance with the pricing policies and guideline set out in the announcements of the Company dated 28 August 2023 and dated 10 November 2023, and the circular of the Company dated 24 October 2023.

The Company's auditor, CL Partners CPA Limited ("**CL**"), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000" Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transaction disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in note 45 to the audited consolidated financial statements. With regard to the related party transactions which constitute continuing connected transactions, the Company has complied with the annual review and disclosure requirements in accordance with Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

The significant related party transactions are set out in note 45 to the consolidated financial statements. For those related party transactions that constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules, the Company has disclosed such connected transactions in accordance with the disclosure requirements in Chapter 14A of the Listing Rules. Save as disclosed in this section, other related party transactions disclosed in note 45 to the consolidated financial statements are not considered as connected transactions, or are exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions of the Directors and chief executives of the Company in the equity or debt securities of the Company or any associated corporations (within the meaning of part XV of the SFO which had to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO), or which was required, under Section 352 of the SFO, to be entered in the register referred to in that section, or under the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange, were as follows:

Name	Name of corporation	Capacity and nature of interest	Aggregate number of ordinary shares or underlying shares	Approximate percentage of interest in the corporation
Yuan Li(Note 1)	The Company	Interest of controlled corporation	626,026,117 shares (L)	34.67%
Sun Yue	The Company	Beneficial owner	3,965,678 shares (L)	0.22%
Zhuang Liangbao(Note 2)	The Company	Interest of controlled corporation	11,460,928 shares (L)	0.63%

(L) Denotes long position

Notes:

(1) The 298,472,783 shares were held by Noble Trade International Holdings Limited* (聖行國際集團有限公司) (formerly 聖商國際集團有限公司) ("Noble Trade International") as beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd. ("Mogen"). Mogen was owned as to (i) 38.48% by Mr. Yuan Li through Greatssjy Co., Ltd.; (ii) 14.06% by Mr. Xu Xinying through Xu Xinying Co., Ltd.; (iii) 2.96% by Mr. Zhuang Liangbao through Zhuanglb Co., Ltd.. The 327,553,334 shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was 100% wholly-owned by Mr. Yuan Li.

(2) The 11,460,928 shares were held by Zhuanglb Co., Ltd. as beneficial owner. Zhuanglb Co., Ltd. was 100% wholly-owned by Mr. Zhuang Liangbao.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES OF THE COMPANY

As at 31 December 2024, the interests or short positions of those persons (other than Directors or chief executives whose interests are disclosed above) in the ordinary shares of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Name of corporation	Capacity and Nature of interest	Aggregate number of ordinary shares	Approximate percentage of interest in the corporation
Greatssjy Co., Ltd. (Note 1)	The Company	Beneficial owner	327,553,334 shares (L)	18.14%
Mogen Ltd. (Note 2)	The Company	Interest of controlled corporation	298,472,783 shares (L)	16.53%
Noble Trade International Holdings Limited* (聖行國際集團有限公司) (Note 2)	The Company	Beneficial owner	298,472,783 shares (L)	16.53%
Yuan Yang (Note 3)	The Company	Interest of controlled corporation	221,654,355 shares (L)	12.28%
Heimazhidi Co., Ltd. (Note 4)	The Company	Beneficial owner	202,170,777 shares (L)	11.20%
Shengshangmingyue Co., Ltd. (Note 5)	The Company	Beneficial owner	169,507,131 shares (L)	9.39%
Yayue Longte Co., Limited (亞悅隆特有限公司) (Note 6)	The Company	Beneficial owner	132,483,086 shares (L)	7.34%
Liu Yang (Note 6)	The Company	Interest of controlled corporation	132,483,086 shares (L)	7.34%
Xu Xinying (Note 7)	The Company	Interest of controlled corporation	120,798,186 shares (L)	6.69%
Xu Xinying Co., Ltd. (Note 7)	The Company	Beneficial owner	120,798,186 shares (L)	6.69%
Dopoint Co., Ltd. (note 8)	The Company	Beneficial owner	117,703,735 shares (L)	6.52%
OupuShanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司) (note 9)	The Company	Beneficial owner	93,755,306 shares (L)	5.19%
ShanWeiwei (note 9)	The Company	Interest of controlled corporation	93,755,306 shares (L)	5.19%

(L) Denote long position

Notes:

(1) 327,553,334 Shares were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was wholly-owned by Mr. Yuan Li.

(2) 298,472,783 Shares were held by Noble Trade International as beneficial owner. Noble Trade International was wholly-owned by Mogen. Mogen was owned as to (i) 38.48% by Mr. Yuan Li through Greatssjy Co., Ltd.; (ii) 14.06% by Mr. Xu Xinying through Xu Xinying Co., Ltd.; (iii) 2.96% by Mr. Zhuang Liangbao through Zhuanglb Co., Ltd.

(3) 169,507,131 Shares were held by Shengshangmingyue Co., Ltd. as beneficial owner. Shengshangmingyue Co., Ltd. was owned at to 80% by Mr. Yuan Yang. 52,147,224 Shares were held by Energystone Co., Ltd. as beneficial owner. Energystone Co., Ltd. was wholly-owned by Mr. Yuan Yang.

(4) 202,170,777 Shares were held by Heimazhidi Co., Ltd. as beneficial owner.

(5) 169,507,131 Shares were held by Shengshangmingyue Co., Ltd. as beneficial owner.

(6) 132,483,086 Shares were held by Yayue Longte Co., Limited (亞悦隆特有限公司) as beneficial owner. Yayue Longte Co., Limited (亞悦隆特有限公司) was wholly-owned by Ms. Liu Yang.

(7) 120,798,186 Shares were held by Xu Xinying Co., Ltd. as beneficial owner. Xu Xinying Co., Ltd. was 100% wholly-owned by Mr. Xu Xinying.

(8) 117,703,735 Shares were held by Dopoint Co., Ltd. as beneficial owner.

(9) 93,755,306 Shares were held by OupuShanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司) as beneficial owner. OupuShanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司) was wholly-owned by Mr. Shan Weiwei.

SHARE CAPITAL AND SHARE SCHEME

Details of the movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

THE 2023 SHARE AWARD SCHEME

On 15 June 2023, the Company adopted the 2023 share award scheme (the "**2023 Share Award Scheme**"), which shall be valid and effective for a term of 10 years commencing on the adoption date of the 2023 Share Award Scheme (the "**Adoption Date**") and the terms of which were amended on 25 January 2024 and 8 August 2024. As at the Adoption Date, the maximum number of Shares to be purchased and allocated pursuant to the 2023 Share Award Scheme was 95,176,283 Shares, representing approximately 10% of the then existing issued Shares, among which, the total number of Shares which may be granted to service provider participants under this 2023 Share Award Scheme shall not exceed 66,623,398 Shares. Subsequent to the approval by the Shareholders in respect of the refreshment of the scheme mandate limit and the service provider sublimit on 8 August 2024, the maximum number of Shares which may be granted under this 2023 Share Award Scheme was 95,176,283 (the "**Scheme Mandate Limit**") and the total number of Shares which may be granted to service provider participants under this 2023 Share Award Scheme shall not exceed 66,623,398 Shares (the "**Service Provider Sublimit**").

The specific objectives of the 2023 Share Award Scheme are:

(i) to incentivise the eligible participants in boosting the sales target(s) for the sale of liquor;

(ii) to award certain selected participants with Shares for achieving certain sales target(s) for the sale of liquor; and

(iii) to recognise the contributions by certain Selected Participants (as defined below) and to provide them with incentives in order to retain them for continual operation, development and growth of the Group as a whole.

Report of the Directors

If a certain sales revenue is met, the service providers (as defined below) will receive a certain percentage of sales rebate from Guizhou Renhuai Guofeng Liquor Co., Ltd.* (貴州仁懷國峰酒業有限公司) ("**Renhuai Guofeng**"), an indirect wholly-owned subsidiary of the Company, in the form of goods. It allows Renhuai Guofeng to have a better control in its cash flows. In addition, any Shares (the "**Awarded Shares**") to be granted to the Eligible Participants (as defined below) held on trust by the Conyers Trustee Services (BVI) Limited (the "**Trustee**"), as sole shareholder of Qidian Investment Management Co., Ltd. ("the BVI Co"), shall be protected in case of any future liquidation of the Group or claims from creditors against the Group. Therefore, the adoption of the 2023 Share Award Scheme will incentivise the sales performance of the Service Providers who have contributed to the Group or may contribute to the Group in the future. The Board (including the independent non-executive Directors) is of the view that the criteria for the selection of the Eligible Participants and the proposed categories of Service Providers (the "**Selected Participant(s)**") are in line with the Company's business needs and align with the purpose of the 2023 Share Award Scheme.

Eligible Participants include:

(i) any employees of Renhuai Guofeng at all levels (including but not limited to officers, directors and chief executives) who are responsible for the daily management and administrative services ("**Employee Participant(s)**"); and

(ii) any regional or designated dealers, distributors or sales channels who signed definitive service contracts within six months after entering into the memorandum of understanding with and provided distribution and promotion services for the sale of liquor to Renhuai Guofeng in relation to the liquor business on a continuing or recurring basis in its ordinary and usual course of business which are in the interest of long-term growth of the Group ("**Service Provider(s)**"). There are two types of Service Providers, namely regional and designated Service Providers. Both types of Service Providers provide similar services as sales channels of liquor, except that the provision of services by regional Service Providers is restricted to a certain area of the PRC whereas designated Service Providers can sell liquor in any parts of the PRC. Designated Service Providers can also enjoy the supporting services provided by regional Service Providers, such as training, management, promotional and marketing activities.

    For the avoidance of doubt, the Service Providers exclude customers purchasing goods from the Group; other service providers or suppliers save as those set out in (ii) above; placing agents or financial advisers providing advisory services to the Group for fundraising, mergers or acquisitions; and professional service providers such as auditors or valuers who provide assurance or are required to perform their services to the Group with impartiality and objectivity. The Board (including the independent non-executive Directors) is of the view that the categories of the Service Providers are in-line with the industry norm.

No Award shall be granted to any Selected Participant which would result in the total number of (a) the Award Shares purchased/allocated and to be purchased/allocated under the Awards already granted or to be granted to such Selected Participant under the 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the 2023 Share Award Scheme); and (b) any Shares issued and to be issued and/or purchased and to be purchased and/or allocated and to be allocated in respect of all other options and awards (if any) granted to such selected Participant, in the 12-month period up to and including the date of such grant representing in aggregate over 1 % of the Shares in issue (the "**1% Individual Limit**"). Any grant of Awards that shall exceed the 1% Individual Limit must be separately approved by Shareholders in general meeting which such Selected Participant and his/her close associates (or associates if such Selected Participant is a connected person) abstaining from voting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

Any grant of Awards to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Awards).

No Award shall be granted to any Selected Participant who is a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates which would result in the total number of the Award Shares allocated and to be allocated under the Awards already granted or to be granted to such Selected Participant under the 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the 2023 Share Award Scheme) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue (the "**0.1% Limit**"). Any grant of Awards to such Selected Participant that shall exceed the 0.1% Limit must be approved by Shareholders in general meeting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

No Award shall be granted to any Selected Participant who is an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates which would result in the total number of the Award Shares allocated and to be allocated under the Awards already granted or to be granted to such Selected Participant under the 2023 Share Award Scheme (excluding any Awards cancelled in accordance with the terms of the 2023 Share Award Scheme) in the 12-month period up to and including the date of such grant, representing in aggregate over the 0.1% Limit. Any grant of Awards to such Selected Participant that shall exceed the 0.1% Limit must be approved by Shareholders in general meeting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

In the event of any Award being granted to any Selected Participant who is a Director, chief executive of the Company, a substantial shareholder of the Company, or any of their respective associate which would exceed the 0.1% Limit, the grantee of the Award and all core connected persons of the Company must abstain from voting in favour at such general meeting convened to approve the granting of the Award and the Company must comply with the requirements under Chapter 13 of the Listing Rules.

The vesting conditions of the Selected Participants shall be determined by the Board and set out in the notice containing details concerning the grant of Award Shares ("**Grant Notice**") and the notice concerning the vesting. Subject to other terms and conditions of the 2023 Share Award Scheme, the vesting of the Awards is subject to the Selected Participant remaining at all times after the date of Grant Notice and on the vesting date as an Eligible Participant. A Selected Participant, who is a Service Provider, is regarded as ceasing to be a Selected Participant if such person or entity ceases to provide services to the Group on a continuing or recurring basis. However, a Selected Employee is regarded as remaining as a Selected Participant notwithstanding that he or she ceases to hold a position of employment or directorship with a member of the Group, if at the same time he or she takes up a different position of employment and/or directorship with another member of the Group as requested or instructed by the Company. For the avoidance of doubt, if a Selected Participant ceases to hold a position of employment or directorship with a member of the Group and at the same time takes up a different position of employment and/or directorship with another member of the Group for any reason other than at the request or direction of the Company, the Selected Participant will be regarded as ceasing to be a Selected Participant (except as otherwise determined in absolute discretion by the Board).

In determining the vesting of Awards and the number of Award Shares, it shall be subject to performance criteria to be satisfied by the Selected Participants (excluding any Excluded Participants) and factors determined by the Board from time to time as it thinks appropriate. The performance criteria and relevant factors include, without limitation to, the following matters:

(i) the potential and/or actual contribution of the relevant Selected Participant(s) to the financial performance of the Group;

(ii) the sales performance and sales revenue of the Group by the end of each of the financial year of the Group;

(iii) the performance of the relevant Selected Participants;

(iv) the general financial condition of the Group;

(v) the Group's overall business objectives and future development plan; and

(vi) any other matter which the Board considers relevant.

Report of the Directors

Subject to the terms and conditions of the 2023 Share Award Scheme Scheme and the fulfillment of all entitlement and/or vesting conditions to the entitlement and/or vesting of the Awarded Shares on such Selected Participant as specified in the Amended 2023 Share Award Scheme and the grant notice (unless otherwise waived by the Board), the Board shall on the vesting date (or if the vesting date is not a business day, on the next business day) issue and allot new Shares to the Trust for the benefit of the Selected Participants and/or cause the Trustee to allocate and transfer the Shares so purchased, issued and/or allotted to such Selected Participant in accordance with the number of Award Shares as set out in the grant notice, and the consideration for the allocation and transfer fees of the Shares representing the market value of the Shares shall be borne by the Company 's resources.

The Board is entitled to impose any terms and conditions (including a period of continued employment, engagement and/or service within the Group after the Award shall become entitled and/or vested), as it deems appropriate in its absolute discretion with respect to the entitlement and/or vesting of the Awarded Shares on the Selected Participant and shall inform such Selected Participant the relevant conditions of the Award and the Awarded Shares provided that the vesting period for Awards shall not be less than 12 months, except for the specific circumstances set out below in respect of Awards granted only to Selected Employees:

(a) to provide competitive terms and conditions to Selected Employees and individuals who the Board considers are valuable talent for the development and growth of the businesses of the Group in order to attract and induce them in accepting the employment offer made by the Group to them;

(b) in the event that a Selected Employee retired at his or her normal retirement date, that is, 60 of age for male employees and 50-55 of age for female employees, all the Awarded Shares of the relevant Selected Employee, as determined by the Board in its absolute discretion, shall be deemed to be vested on the day immediately prior to his or her normal retirement or such earlier or later date by agreement with the relevant member of the Group;

(c) in the event of the death of a Selected Employee at any time prior to a Vesting Date, the Awarded Shares of such Selected Employee shall be deemed to be vested on the day immediately prior to his or her death;

(d) in the event of a change in control of the Company as defined in the Code on Takeovers and Merges and Share Buy-back prior to the Vesting Date, the Board shall determine at its absolute discretion whether such Awarded Shares shall vest to the Selected Employees; or

(e) in the event that a notice is duly given by the Company to its Shareholders to convene a general meeting for the purpose of considering a resolution for the voluntary winding-up of the Company or an order of winding up of the Company is made, the Board shall determine at its discretion whether such Awarded Shares shall vest to the Selected Employees and the time at which such Awarded Shares shall vest.

For the avoidance of doubt, the vesting period in respect of Awards granted to Selected Participants who are Service Providers shall not be less than 12 months.

The Board may grant Awards to any Selected Participant at no consideration from time to time.

Subject to any early termination, the 2023 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. And the remaining life of the scheme is approximately 8 years.

The details of the 2023 Share Award Scheme were disclosed in the announcements of the Company dated 16 February 2023, 17 May 2023 and the circulars dated 22 May 2023 and dated 19 July 2024.

As at the date of this annual report, the total number of shares available for issue under the 2023 Share Award Scheme is 95,176,283, being 5.27% of the issued share capital of the Company (excluding treasury shares) as at the date of this annual report.

At 1 January 2024, 21,927,974 Shares and 19,735,176 Shares were available for grant under the scheme mandate limit and the service provider sublimit, respectively.

As at 31 December 2024, 84,868,605 Shares and 61,068,398 Shares were available for grant under the 2023 Share Award Scheme Limit and the Service Provider Sublimit, respectively.

13,107,678 shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares in issue (excluding treasury shares) for the twelve months ended 31 December 2024 is 1.5%.

The table below sets out the details of movements of the Award Shares granted during the period from 1 January 2024 to 31 December 2024 under the 2023 Share Award Scheme:

				Number of Award Shares									
Name or category of selected articipants	Position	Date of grant	Vesting period	Outstanding as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	Purchase price (HKD per Share)	Closing price immediately before the date of grant (HKD per Share)	Fair value of Shares at the date of grant (HKD per Share) (Note 3)	Weighted average closing price immediately before the vesting date (HKD per Share)	Performance target
Director of the Company														
Sun Yue	Executive Director, vice chairman and chief executive officer	27 May 2024	From 8 August 2024 to 7 September 2024	–	3,965,678	3,965,678	0	0	0	0	0.75	0.84	N/A	Note 1
Wang Xianfu	Non-executive Director	31 October 2024	31 October 2025	1,800,000	1,800,000	0	0	0	1,800,000	0	2.34	2.44	N/A	Note 2
Senior management of the Group														
Yu Kun	executive director and general manager of Guizhou Huairen Guofeng Co., Ltd.	27 May 2024	From 27 May 2024 to 26 May 2025	–	100,000	0	0	0	100,000	0	0.75	0.84	N/A	Note 2
Wang Zhaoyun	Vice president of Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司)	31 October 2024	31 October 2025	1,000,000	1,000,000	0	0	0	1,000,000	0	2.34	2.44	N/A	Note 2
Employees of the Group														
Employee participants		27 May 2024	From 27 May 2024 to 26 May 2025	–	687,000	0	0	0	687,000	0	0.75	0.84	N/A	Note 2
Service Providers		27 May 2024	From 27 May 2024 to 26 May 2025	–	5,555,000	0	0	15,000	5,540,000	0	0.75	0.84	N/A	Note 2
Total				–	13,107,678	3,965,678	0	15,000	9,127,000					

Notes:

(1) There is no performance target for the grantee(s). In considering the grant of Award Shares to Mr. Sun, the Remuneration Committee has considered the extensive experiences of Mr. Sun in the alcoholic beverage industry and the Award Shares to attract and induce Mr. Sun in accepting the employment offer made by the Group to him.

(2) There is no performance target for the grantee(s). In considering the grant of Award Shares made to the other grantees, the Remuneration Committee has taken into account the following factors: (i) the expected value of the Award Shares subject to the future market price of the Shares, which in turn depends on the business performance of the Group; and (ii) the sales performance and contributions made by the grantees during the year 2023.

(3) The fair value of the Award Shares was calculated based on market price of the Company's Shares as at the respective grant date.

Report of the Directors

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 14 January 2024, the Company entered into a subscription agreement with Yayue Longte Co., Limited* (亞悅隆特有限公司), pursuant to which 43,855,948 Shares were allotted to Yayue Longte Co., Limited as the subscriber at the subscription price of HK$0.69 per Share under general mandate. The subscription has been completed on 26 January 2024. The gross proceeds from the subscription amounted to HK$30,260,604.12 and the net proceeds, after deduction of the related expenses, amounted to HK$29,960,604.12. The proceeds were intended to be applied for repayment of debts, general working capital and general corporate expenses. As at the date of this annual report, the net proceeds from the subscription have been utilised in accordance with the plan of use of proceeds set out in the announcement of the Company dated 14 January 2024. Directors are not aware of any material change or delay in the use of proceeds. The details were disclosed in the announcements of the Company dated 14 January 2024 and 26 January 2024.

CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION INVOLVING SUBSCRIPTION OF SHARES UNDER SPECIFIC MANDATE

On 18 March 2024 (before trading hours), the Company and Noble Trade International Holdings Limited* (聖行國際集團有限公司) ("**Subscriber**") entered into a subscription agreement (the "**Subscription Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 530,000,000 new Shares as the Subscription Shares at the Subscription Price of HK$0.35 per Subscription Share for a total consideration of HK$185.50 million, which shall be satisfied by way of offsetting HK$185.50 million in the outstanding principal amount of the Shareholder's Loans. Upon Completion, HK$185.50 million in the outstanding principal amount of the Shareholder's Loans shall be deemed to have been fully repaid. The remaining balance of the Shareholder's Loans, including any interest accrued under the Shareholder's Loans as at the date of the Subscription Agreement shall be approximately HK$166.99 million.

As at 18 March 2024, the Subscriber and parties acting in concert with it held 64,565,624 Shares, representing approximately 24.54% of the issued share capital of the Company. Upon Completion, the shareholding of the Subscriber and parties acting in concert with it would increase to approximately 74.96% of the issued share capital of the Company (assuming there is no change in the issued share capital of the Company other than issue of the Subscription Shares), thereby triggering an obligation on the Subscriber under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all issued Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber or parties acting in concert with it, unless the Whitewash Waiver is granted by the Executive. The details were disclosed in the announcements of the Company dated 18 March 2024, 8 April 2024, 24 May 2024, and the circular dated 30 April 2024.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 28 June 2024, the Company entered into subscription agreements and supplemental subscription agreements with two subscribers, Yayue Longte Co., Limited and Oupu Shanwei International Holdings Limited respectively, pursuant to which, the Company conditionally agreed to allot and issue and the two subscribers conditionally agreed to subscribe for an aggregate of 158,627,138 Shares, representing 20% of the then issued share capital of the Company, at the subscription price of HK$0.515 per Share. The net proceeds from the subscriptions amounted to HK$80,917,094.66 and the Company intended to apply such net proceeds for repayment of debts, general working capital and corporate expenses for the Group. The subscription agreements were completed on 9 July 2024. As at the date of this annual report, the net proceeds from the subscriptions have been utilised in accordance with the plan of use of proceeds set out in the announcement of the Company dated 28 June 2024. Directors are not aware of any material change or delay in the use of proceeds. For details, please refer to the announcements of the Company dated 28 June 2024, 2 July 2024 and 9 July 2024.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

On 26 July 2024 (after trading hours), the Company entered into an acquisition agreement with the vendors of Shengshang Entrepreneurial Services Co., Ltd., pursuant to which the Company has conditionally agreed to acquire and the vendors have conditionally agreed to sell the sale shares, representing the entire issued share capital of Shengshang Entrepreneurial Services Co., Ltd.. The consideration of the acquisition agreement amounts to HK$340,000,000, which will be settled by way of consideration shares, being 850,000,000 Shares of the Company. For further details, please refer to the announcements of the Company dated 26 July 2024, 27 September 2024, and the circular of the Company dated 4 September 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Other than as disclosed in the paragraph headed "Share Capital and Share Option Scheme" in this annual report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

During the reporting period, save as the transaction in the paragraph headed "CONTINUING CONNECTED TRANSACTION IN RELATION TO THE AGENCY AGREEMENT", there was no transaction, agreement or contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party, subsisted, and in which a Director or his connected entity had, whether directly or indirectly, a material interest.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Group was entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

Under the articles of association of the Company, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate insurance cover in respect of legal action against its directors of the Company.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

As at 31 December 2024, there were no treasury shares held by the Company.

BANK LOANS AND OTHER BORROWINGS

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

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales to the five largest customers of the Group accounted for approximately 5.94% of the Group's total revenue and sales to the largest customer accounted for approximately 1.41% of the Group's total revenue for year 2024. The aggregate purchases from the five largest suppliers of the Group accounted for approximately 39.48% of the Group's total purchases and purchases from the largest supplier accounted for approximately 12.85% of the Group's total purchases for year 2024.

None of the Directors, their close associates, or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers or the Group's five largest customers.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 13 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was a sufficient prescribed public float of the issued share of the Company under the Listing Rules.

CHANGES IN DIRECTOR'S INFORMATION

Mr. Zhuang Liangbao has been appointed as an executive Director of the Company on 28 August 2023. Mr. Wang Xianfu has been appointed as a non-executive Director of the Company on 27 May 2024. Ms. Tang Chung Kwan Brenda has been appointed as an independent non-executive Director of the Company on 6 November 2024. Ms. Xu Honghong, a non-executive Director, was removed on 21 January 2024. Mr. Gu Changchao, a non-executive Director, resigned on 15 October 2024. Mr. Xu Xinxing, an executive Director, and Mr. Fung Tak Choi, an independent non-executive Director, both resigned on 6 November 2024.

AUDIT COMMITTEE

The Audit Committee of the Company currently comprises three members, all of whom are independent non-executive Directors, Mr. Zhang Yihua, who possesses professional accounting qualifications, Mr. Chen Rui and Ms. Tang Chung Kwan Brenda. Mr Zhang Yihua is the Chairman of the Audit Committee. As of the date of this annual report, the composition of the Audit Committee was complied with the relevant requirements of the Listing Rules. The Audit Committee has adopted the terms of reference in line with the CG Code issued by the Stock Exchange. The principal duties of the Audit Committee are to assist the Board in reviewing the internal audit function, financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors, and arrangements to enable employees of the Company, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee of the Company has in conjunction with management reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements of the Group for the year ended 31 December 2024 and the auditor's report thereon.

AUDITOR

Crowe (HK) CPA Limited retired upon expiration of its term of office at the annual general meeting of the Company held on 26 June 2024. Elite Partners CPA Limited ("Elite Partners") was appointed as the new auditor of the Company to fill the vacancy arising from the retirement of Crowe at the conclusion of the said annual general meeting of the Company. Elite Partners CPA Limited ("**Elite**") has resigned as the auditors of the Company with effect from 30 October 2024 as Elite Partners is no longer able to undertake audit services for Mainland enterprises listed outside the Mainland for a period of 5 years following a regulatory decision from a regulator in the PRC. At the extraordinary general meeting of the Company held on 6 December 2024, CL Partners CPA Limited ("**CL**") was appointed as the new auditor of the Company until the conclusion of the next annual general meeting of the Company.

The financial statements for the year ended 31 December 2024 were audited by CL. A resolution for the re-appointment of CL as auditors of the Company is to be proposed at the forthcoming annual general meeting.

MATTERS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group entered into a loan extension agreement with Mr. Wu Jipeng to extend the loan with a principal amount of HKD 9,000,000 (equivalent to RMB 8,334,360) to 31 December 2028.

On behalf of the Board
Yuan Li
Chairman

Hong Kong, 28 March 2025

Directors' and Senior Management's Profile

(1) MEMBERS OF THE BOARD OF THE COMPANY DURING THE YEAR AND UP TO THE DATE OF THIS ANNUAL REPORT ARE SET OUT BELOW:

Name	Position	Age	Term of office
Mr. Yuan Li	Chairman of the Board, Executive Director	43	26 August 2017-Now: Executive Director; 29 December 2017-Now: Chairman of the Board
Mr. Xu Xinying	Executive Director, Vice-chairman	44	26 August 2017-29 December 2017: Non-executive Director; 29 December 2017-6 November 2024: Executive Director; 27 November 2019-6 November 2024: Vice-chairman
Mr. Sun Yue	Executive Director, Vice-chairman, Chief Executive Officer	57	27 May 2024-Now: Executive Director; 27 May 2024-Now: Vice-chairman, Chief Executive Officer
Mr. Yuan Lijun	Executive Director, Vice-chairman, Co-Chief Executive Officer	59	15 October 2024-Now: Executive Director; 15 October 2024-Now: Vice-chairman, Chief Executive Officer
Mr. Zhuang Liangbao	Executive Director	63	28 August 2023-Now
Mr. Gu Changchao	Non-Executive Director	50	21January 2024-15 October 2024
Ms. Xu Honghong	Non-Executive Director	39	8 March 2019-21 January 2024
Mr. Wang Xianfu	Non-Executive Director	38	27 May 2024-Now
Mr. Zhang Yihua	Independent Non-Executive Director	43	23 August 2022-Now
Mr. Chen Rui	Independent Non-Executive Director	50	4 July 2018-Now
Mr. Fung Tak Choi	Independent Non-Executive Director	66	19 February 2019-6 November 2024
Ms. Tang Chung Kwan Brenda	Independent Non-Executive Director	35	6 November 2024-Now

(2) DIRECTORS' AND SENIOR MANAGEMENT'S PROFILE

(a) Executive Directors

Mr. Yuan Li (袁力先生), aged 43, was appointed to the Board on 26 August 2017 as an executive Director, and was appointed as the Chairman of the Board of and a member of the Remuneration Committee on 29 December 2017. Mr. Yuan received his bachelor's degree from Jilin University (吉林大學) and EMBA of Cheung Kong Graduate School of Business (長江商學院) and a DBA student at Cheung Kong Graduate School of Business (長江商學院). He has over six years of experience in the entrepreneurship training industry. Mr. Yuan is currently a director of Greatssjy Co., Ltd., a substantial shareholder of the Company who is interested in 327,553,334 shares, representing 18.14% of the total issued share capital of the Company as at 31 December 2024. Mr. Yuan currently serves as a member of the Chinese People's Political Consultative Conference (中國人民政治協商會議), Chaoyang District, Beijing.

Directors' and Senior Management's Profile

Mr. Xu Xinying (徐新穎先生), aged 44, was appointed as the non-executive Director on 26 August 2017, and was re-designated as an executive Director of the Company on 29 December 2017. Mr. Xu was appointed as Vice-chairman of the Company on 27 November 2019. Mr. Xu has resigned as executive Director and Vice-chairman of the Company on 6 November 2024. Mr. Xu has over eight years of experience in business management, corporate governance and corporate training. He has been a director of Chongqing Saint Information Technology Co., Ltd.* (重慶聖商信息科技有限公司) since August 2014. From November 2016 to June 2022, Mr. Xu was the manager of Beijing Qi Dian New Technology Group Co., Ltd.* (北京奇點新科技集團有限公司). He received his bachelor's degree from Jilin University (吉林大學).

Mr. Sun Yue (孫躍先生), aged 57, was appointed to the Board on 27 May 2024 as an executive Director, Vice-chairman and chief executive officer of the Company. Mr. Sun has over 30 years of management experience in the Chinese baijiu and beer industry. Mr. Sun has been the chairman of the board of directors of Sishijiufang Liquor Co., Ltd.* (肆拾玖坊酒業有限公司) since November 2021. Prior to that, from October 2009 to September 2021, Mr. Sun held various positions in Luzhou Laojiao Group Co., Ltd.* (瀘州老窖集團有限責任公司) ("Laojiao Group") and its subsidiary. Laojiao Co., Ltd.* (瀘州老窖股份有限公司) (stock code: 000568, whose shares are listed on the Shenzhen Stock Exchange) ("Laojiao Co"). From October 2009 to June 2010 and from June 2010 to June 2015, Mr. Sun served as a deputy general manager and special assistant of the general manger of Laojiao Co, respectively. From June 2015 to December 2015, he served as a vice president of Laojiao Group. Mr. Sun served as a vice chairman and president of Laojiao Group from December 2015 to September 2021.

Before joining Laojiao Group, Mr. Sun served as various roles in Tsingtao Brewery Company Limited (青島啤酒股份有限公司) ("Qingdao Brewery") and its subsidiaries from July 1993 to October 2009. The shares of Qingdao Brewery are listed on the Shanghai Stock Exchange (stock code: 600600) and The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 0168). During his employment with Qingdao Brewery and its subsidiaries, his last positions were the chairman and general manager of Tsingtao Brewery (Chengdu) Co., Ltd.* (青島啤酒 (成都) 有限公司) and Tsingtao Brewery (Luzhou) Co., Ltd.* (青島啤酒 (瀘州) 有限公司).

Mr. Sun graduated from Qingdao University of Science and Technology with a bachelor's degree in engineering in July 1993 and obtained a doctoral degree in business administration from Southwestern University of Finance and Economics in July 2008.

Mr. Yuan Lijun (袁麗軍先生), aged 59, was appointed as a vice chairman, an executive Director and the co-chief executive officer of the Company on 15 October 2024. He has over 16 years of experience in the training related industry. Prior to joining the Group, Mr. Yuan served as the director and president of Shenzhen Huayi Century Enterprise Management Consulting Co., Ltd.* (深圳市華一世紀企業管理顧問有限公司) from April 2024 to October 2024. From December 2019 to April 2024, Mr. Yuan served as a director and president of Entrepreneur Universe Bright Group (創業天下光明集團*), a company principally engaged in digital marketing consultation, the shares of which are traded in the US OTC market (Quote: EUBG).

From March 2017 to November 2019, Mr. Yuan served as a director and president of Beijing Shengshang Entrepreneurial Technology Co., Ltd.* (北京聖商創業科技有限公司), formerly known as Beijing Shengshang Education Technology Co., Ltd.* (北京聖商教育科技股份有限公司). Prior to that, Mr. Yuan was the director and president of Shanghai Lingteng Commerce Service Co., Ltd.* (上海領騰商務服務有限公司) (formerly known as Shanghai Huiju Investment Co., Ltd.* (上海匯聚投資有限公司) from November 2011 to August 2014. From November 2005 to September 2009, Mr. Yuan worked for each of Xi'an Jucheng Enterprise Management Consulting Co., Ltd.* (西安聚成企業管理顧問有限公司) ("Xi'an Jucheng") and Shenzhen City Jucheng Enterprise Management Consulting Co., Ltd.* (深圳市聚成企業管理顧問股份有限公司) ("Jucheng Group"), formerly known as Jucheng Enterprise Management Consulting Co., Ltd.* (聚成企業管理顧問有限公司). He started as a salesperson at Xi'an Jucheng and, through his accumulated work experience and efforts, was promoted to vice president of marketing at Jucheng Group.

Directors' and Senior Management's Profile

Mr. Yuan has received various accolades, including "Top Ten Innovators of Shaanxi Province in 2006* (2006陝西省十大創新人物)" awarded by Shaanxi Provincial Enterprise Credit Association* (陝西省企業信用協會) in March 2007.

Mr. Yuan obtained his master of business administration diploma from Xi'an Jiaotong University branch of Shaanxi Master of Business Administration Institute (陝西工商管理碩士學院) in July 2003.

Mr. Zhuang Liangbao (莊良寶先生), aged 63, was appointed as an executive Director on 28 August 2023. He is currently the executive director and chief financial officer of Shenzhen Qidian Education Technology Co., Ltd*. (深圳奇點求學科技有限公司), a non-wholly owned subsidiary of the Company.

Prior to joining the Group, Mr. Zhuang served as a secretary to the board, a deputy general manager and a director of Beijing Shengshang Entrepreneurial Technology Co., Ltd*. (北京聖商創業科技有限公司) from November 2020 to July 2023. He held the positions as a deputy general manager and a director of Suzhou Gold Mantis Construction Decoration Co., Ltd* (蘇州金螳螂建築裝飾股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (stock code: 002081), from April 2004 to April 2013. From December 2000 to September 2003, Mr. Zhuang worked as the board secretary, head of finance department and deputy general manager at Zhejiang Huahai Pharmaceutical Co., Ltd*. (浙江華海藥業股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600521). From October 1995 to December 2000, he served as the finance manager and finance director at Suzhou New District Hi-Tech Industrial Co., Ltd*. (蘇州新區高新技術產業股份有限公司), whose shares are listed on the Shanghai Stock Exchange (stock code: 600736).

Mr. Zhuang was the director of Suzhou Jinchi Commercial Development Co., Ltd.* (蘇州金池商業發展有限公司), which was established in the PRC and was deregistered on 14 December 2010.

Mr. Zhuang received a master's degree in Regional Economics at East China Normal University (華東師範大學) in July 2001. Mr. Zhuang has been a certified public accountant in the PRC since October 1994 and has held the title of a senior economist (高級經濟師) since October 2010.

(b) Non-executive Directors

Mr. Gu Changchao (顧常超先生), aged 50, was appointed to the Board on 21 January 2024 as the non-executive Director. Mr. Gu is currently the secretary-general of Global Leadership Program at Tsinghua University. Mr. Gu has resigned as the non-executive Director on 15 October 2024.

Mr. Gu has over 15 years of teaching, consulting, and management experience in the fields of operations and global supply chain management, strategic innovation and business transformation, green development, and international cooperation. He has been appointed as a distinguished expert in leadership and operations management at the New York Finance Institute since July 2022. He served as a system engineer at Motorola Solutions (China) Co. Ltd* (摩托羅拉(中國)有限公司) from 1996 to 1998 and the marketing director of Dell Computer (China) Co. Ltd*. (戴爾計算機(中國)有限公司) from 1998 to 2001. From 2005 to 2006, he served as the director of strategic alliance at Amazon China* (亞馬遜(中國)有限公司). Mr. Gu has also served as vice dean of HR Committee at China's Academy of Management since October 2010.

From September 2014 to August 2015, Mr. Gu served as a Senior Visiting Scholar at the Kennedy School of Government, Harvard University. He is also a board member of the Tsinghua University Alumni Association in Germany.

Mr. Gu obtained an MBA degree in operations management from Tsinghua University School of Economics and Management in July 2004.

Ms. Xu Honghong (徐紅紅女士), aged 39, was appointed as the Non-executive Director since 8 March 2019 and removed as the non-executive Director on 21 January 2024. From April 2016 to April 2018, Ms. Xu was under the employment of the Tianjin High People's Court, the highest judicial organ in Tianjin. During that period, she once served as an assistant judge, where she mainly adjudicated commercial disputes. Since May 2018, Ms. Xu has served as the director of legal affairs of Tianjin Bohai Commodity Exchange Corporation* (天津渤海商品交易所股份有限公司), a company primarily engaged in provision of intermediary services for commodity transactions, where she is primarily responsible for managing legal affairs of the company.

Ms. Xu obtained a bachelor's degree in laws from Shandong University of Finance and Economics (山東財經大學) (formerly known as Shandong University of Finance (山東財政學院)) in July 2007 and a master degree in economic laws from Shandong University (山東大學) in July 2010. Ms. Xu obtained the legal professional qualification certificate issued by the Ministry of Justice of the PRC in February 2009.

Mr. Wang Xianfu, aged 38, was appointed as the Non-executive Director on 27 May 2024, and has extensive management experience in the fields of education and corporate management. Mr. Wang founded and has served as the chairman of the board of directors of Shenzhen City Huashi Brothers Education Technology Co., Ltd.* (深圳市華師兄弟教育科技有限公司) since November 2008, which focuses on provision of lecturers and training products to training institutions. He served as the general manager of Guangzhou City Zhongxing Corporate Management Co., Ltd.* (廣州市眾行企業管理有限公司) (currently known as Guangzhou City Tongxuequan Internet Technology Co., Ltd.* (廣州市童學圈網路科技有限公司)) from May 2008 to November 2008. From January 2006 to April 2008, he served as the manager of Shenzhen City Times Bright CreSuccess Education Development Co., Ltd.* (深圳市時代光華教育發展有限公司).

Mr. Wang graduated from Nankai University with a bachelor's degree in Business Administration through a junior college to bachelor's degree transfer program via online learning in July 2018.

(c) Independent Non-executive Directors

Mr. Zhang Yihua (張軼華先生), aged 43, was appointed as an independent non-executive Director, the chairman of each of the audit committee and remuneration committee of the Company and a member of the nomination committee of the Company on 23 August 2022. Mr. Zhang has over 16 years of experience in finance and accounting. From August 2005 to August 2014, Mr. Zhang was employed by Ernst & Young, a firm principally engaged in the provision of financial auditing and consulting services, where his last position was senior manager in the assurance department and where he was primarily responsible for providing accounting services. From September 2014 to August 2017, Mr. Zhang was employed by China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司) (formerly known as Broad Greenstate International Company Limited (博大綠澤國際有限公司)), a company principally engaged in the provision of landscape design services and listed on the Stock Exchange (Stock Code: 1253). In August 2015, he became the vice president and the chief financial officer of China Greenland Broad Greenstate Group Company Limited (中國綠地博大綠澤集團有限公司), where he was primarily responsible for the daily financial operation and compliance matter of the company. Since February 2018, Mr. Zhang has served as an independent non-executive director of Dook Media Group Limited* (讀客文化股份有限公司), a publishing agent listed on the Shenzhen Stock Exchange (Stock Code: 301025), where he is primarily responsible for providing independent opinions to the board of the company. Since December 2021, Mr. Zhang has served as the vice president and chief financial officer of Lihe Flavor (Qingdao) Food Co., Ltd.* (利和味道（青島）食品產業股份有限公司), a company principally engaged in the production and sales of foods and food additives, where he is primarily responsible for the daily financial operation and compliance matter of the company.

Mr. Zhang obtained a bachelor's degree in professional accounting from Shanghai University (上海大學) in July 2005 and a master's degree in business administration from Shanghai Jiaotong University (上海交通大學) in June 2018. Mr. Zhang is a member of The Chinese Institute of Certified Public Accountants, a certified internal auditor and a holder of the independent director qualification certificate of a listed company on the Shenzhen Stock Exchange.

Directors' and Senior Management's Profile

Mr. Chen Rui (陳睿先生), aged 50, was appointed as the independent non-executive Director, a member of Audit Committee and Remuneration Committee and a chairman of Nomination Committee on 4 July 2018. Since October 2013, Mr. Chen has served as the chairman of Zhenglue Junce Group Co., Ltd.* (正略鈞策集團股份有限公司) (formerly known as Beijing Zhenglue Junce Consulting Co., Ltd.* (北京正略鈞策諮詢股份有限公司)), a company principally engaged in management consulting and has approximately 8 years of experience in management and investment consulting. Mr. Chen obtained a master's degree in business administration from the University of Leeds in the United Kingdom in December 2003.

Mr. Fung Tak Choi (馮德才先生), aged 66, was appointed as the Independent Non-executive Director, a member of Audit Committee and Nomination Committee on 19 February 2019. Mr. Fung has resigned as the Independent Non-executive Director and a member of Audit Committee and Nomination Committee on 6 November 2024. Mr. Fung has over 23 years of experience in risk management. From July 1998 to November 1999, Mr. Fung served as the general manager of Brink's Cash Solutions (Hong Kong) Limited (布林克金融物流(香港)有限公司) (formerly known as Securicor Hong Kong Limited (怡和保安香港有限公司)), a company principally engaged in commercial security in Hong Kong, where he was responsible for managing the budget and operation of the company. From July 2000 to June 2003, Mr. Fung worked as the head of security in Hutchison Telecommunications (Hong Kong) Limited (和記電訊(香港)有限公司), a telecom company where he was responsible for managing the security of the company. From October 2004 to May 2011, Mr. Fung worked as a manager in the money laundering and fraud investigation department of Hang Seng Bank, where he was responsible for ensuring that the company complied with the relevant laws and regulations. Since September 2013, Mr. Fung has served as a solicitor in Kwok, Ng & Chan Solicitors & Notaries.

Mr. Fung obtained a bachelor's degree in social science from the Chinese University of Hong Kong in December 1983 and a master's degree in business administration from Oklahoma City University in Oklahoma City, the United States of America, in May 1992. He obtained a bachelor's degree in laws from the Manchester Metropolitan University, the United Kingdom, in July 2009, the postgraduate certificate in laws from the City University of Hong Kong in July 2011 and a master's degree in laws (equity and trust laws) through long distance learning from the University of London in August 2012. He was qualified as an information systems auditor in November 2001 and was admitted as a solicitor to the High Court of Hong Kong in August 2013. In June 2023, he was admitted as lawyer of Guangdong-Hongkong-Macao Greater Bay Area in PRC.

Ms. Tang Chung Kwan Brenda (鄧仲君女士), aged 35, was appointed as the Independent Non-executive Director, a member of Audit Committee and Nomination Committee on 6 November 2024. Ms. Tang is currently the managing partner of Talentine Limited. Ms. Tang has over 13 years of talent consulting, board advisory and executive search experiences in the fields of capital management, consumer, technology, property, hospitality and education sector. Prior to joining Talentine Limited, she served as a senior consultant at aimHigher Consultancy Limited from June 2012 to July 2016, and a director at HamptonTCI Limited from June 2018 to April 2023.

Ms. Tang obtained her bachelor degree in hospitality and event management from Swiss Hotel Management School and University of Derby in January 2010 and November 2010, respectively. She has completed the Oxford Executive Leadership Programme from Said Business School University of Oxford in October 2021.

(d) Senior Management

Mr. Jin Zhenlin (靳真林先生), aged 58, now is the chairman of Anhui Sihai, a holding subsidiary of the Group. He has more than 30 years of working experience in the home appliances industry. He has fine management, global thinking ability and strong team charisma. He can effectively lead the team to achieve the set goals.

Independent Auditors' Report

CL Partners

TO THE SHAREHOLDERS OF CHINA QIDIAN GUOFENG HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Qidian Guofeng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 145, which comprise the consolidated statement of financial position as at 31 December 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 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 HKICPA. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Accounting For Business Combination Refer to note 38 to the consolidated financial statements During the year ended 31 December 2024, the Group acquired the entire equity interest in Shengshang Entrepreneurial Services Co., Ltd. (“Shengshang”) for a total consideration of HK$340,000,000, which was settled by the allotment and issue of 850,000,000 shares of the Company (the “Consideration Shares”). Upon completion of the acquisition, Shengshang became a wholly owned subsidiary of the Group. Shengshang and its subsidiaries are principally engaged in education-related training. Goodwill arising from this acquisition amounted to approximately RMB2,485,036,000, which represented the excess of the consideration paid over the Group’s share of the fair value of the identifiable net assets of the acquired business of Shengshang. The Group engaged an external valuation firm to assist with the determination of the fair values of the acquired identifiable assets and liabilities, which required the exercise of significant judgment and estimation, particularly in relation to the discount rate, forecast gross profit margin, and sales growth rate. We identified the accounting for the business combination as a key audit matter because of the significant impact the acquisition has on the consolidated financial statements and because the valuation of the identifiable assets and liabilities acquired can be inherently subjective, requiring significant judgment and estimation, which increases the risk of error or potential management bias.	Our audit procedures in relation to the accounting for the business combination included, but not limited to: • inspecting the equity purchase agreement and evaluating management’s accounting for the acquisition with reference to the terms set out in the equity purchase agreement and the requirements of the prevailing accounting standards; • evaluating the competence, capabilities, and objectivity of the external valuation firm; • challenging the reasonableness of the key assumptions adopted, including forecast sales growth rate and the forecast gross profit margin, with reference to future operating plans, our understanding of the related industry, market data and the Group’s business plan; • assessing, with the assistance of our internal valuation specialists, the reasonableness of the discount rate; • evaluating the mathematical accuracy of management’s allocation of consideration to the identifiable assets and liabilities acquired and any goodwill arising from the business combination; and • assessing the reasonableness of the disclosures related to the business combination with reference to the requirements of the prevailing accounting standards.

Key audit matter	How our audit addressed the key audit matter
Assessing Potential Impairment of Property, Plant and Equipment, Right-of-Use Assets and Goodwill	
Refer to notes 16, 17 and 19 to the consolidated financial statements As of 31 December 2024, the Group has property, plant and equipment of approximately RMB7,750,000, right-of-use assets of approximately RMB19,111,000 and goodwill of approximately RMB301,628,000. The Group engaged an external valuation firm to perform the impairment assessments of property, plant and equipment, right-of-use assets and goodwill by comparing the carrying values of cash generating units ("CGU"s) with their respective recoverable amounts using discounted cash flow method. The preparation of discounted cash flow forecasts for the purpose of assessing recoverable amount of property, plant and equipment, right-of-use assets and goodwill involves significant estimation, including future revenue growth rates, future profit margins and discount rates applied. We identified the assessments of potential impairment of property, plant and equipment, right-of-use assets and goodwill as a key audit matter because the balances of property, plant and equipment, right-of-use assets and goodwill as of 31 December 2024 are material to the consolidated financial statements and the Group's impairment test involves significant management judgements, assumptions and estimates.	Our audit procedures in relation to the impairment assessments of property, plant and equipment, right-of-use assets and goodwill included, but not limited to: • evaluating the reasonableness of management's identification of CGUs and the allocation of assets to each CGU with reference to the requirements of prevailing accounting standards; • evaluating the appropriateness of the methodology adopted by management in its impairment assessments; • assessing and challenging with the assistance of our internal valuation specialists, the reasonableness of the key assumptions adopted including discount rates, forecast revenue growth rates and forecast gross profit margins; • performing sensitivity analyses on forecast sales growth rates, forecast gross profit margins and discount rates, and considering the resulting impact of changes in the key assumptions and whether there were any indicators of management bias; and • considering the reasonableness of the disclosures in the consolidated financial statements in reference to the requirements of prevailing accounting standards.

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
Loss allowance for expected credit loss ("ECL") on trade receivables and prepayments, deposits and other receivables	
Refer to notes 24, 25 and 43(b)(ii) to the consolidated financial statements As at 31 December 2024, the carrying value of trade receivables and prepayments, deposits and other receivables (net of loss allowances) were RMB8,397,000 and expected credit losses on trade receivables and prepayments, RMB43,567,000 respectively. Impairment loss amounting to deposits and other receivables included, but not limited to: RMB379,000 and RMB1,097,000 on trade receivables and prepayments, deposits and other receivables respectively have been recognised during the year. Management assessed the provision for ECL of trade receivables and prepayments, deposits and other receivables based on probability weighted estimate of credit losses over the expected life of these prepayments and receivables and whether there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances. We consider this matter to be a key audit matter because of their significance to the consolidated financial statements and the assessment of ECL for trade receivables and prepayments, deposits and other receivables requires the use of management's judgements and estimates.	Our procedures in relation to management's allowance for ECL on trade receivables and prepayments, deposits and other receivables included, but not limited to: • understanding the policies of the Group's allowance for ECL on trade receivables and prepayments, deposits and other receivables and the method adopted by the management for assessing the amount of expected credit losses; • assessing management's judgement over the ECL and creditworthiness of the debtors by assessing the available information, such as background information of the debtors, past collection history of debtors, concentration risk of debtors, the Group's actual loss experience, forward-looking information and subsequent settlement of the trade receivables, prepayments, deposits and other receivables; • testing the aging of trade receivables and prepayments, deposits and other receivables at the end of the reporting period on a sampling basis; and • reviewing the adequacy of disclosures of ECL on trade receivables and prepayments, deposits and other receivables.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those statements on 16 March 2024.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion 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. 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.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

We also provide those charged with goverance 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 those charged with goverance, 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 auditors' 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.

CL Partners CPA Limited
Certified Public Accountants
Leung Man Kit
Practising Certificate Number: P08413
Hong Kong,
28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**441,994**	319,813
Cost of sales and services		**(324,173)**	(258,063)
Gross profit		**117,821**	61,750
Other income	7	**5,255**	5,903
Other gains and losses, net	8	**6,681**	4,712
Impairment loss on goodwill		**(2,183,408)**	—
Impairment loss on loan receivables	21	**(3,498)**	—
Impairment loss on trade receivables	43(b)(ii)	**(379)**	(158)
(Impairment loss)/reversal of impairment loss on prepayments, other receivables and deposits	25	**(1,098)**	326
(Loss)/gain on disposal of subsidiaries, net	39	**(246)**	104,185
Share of result of an associate	20	**362**	—
Selling and marketing expenses		**(85,469)**	(62,270)
Administrative expenses		**(74,768)**	(29,004)
Operating (loss)/profit		**(2,218,747)**	85,444
Finance costs	9	**(13,615)**	(31,947)
Finance income	9	**2,834**	292
Net finance costs		**(10,781)**	(31,655)
(Loss)/profit before tax		**(2,229,528)**	53,789
Income tax	10	**2,662**	(79)
(Loss)/profit and total comprehensive (expense)/income for the year	11	**(2,226,866)**	53,710
Total comprehensive (expense)/income attributable to:			
– Owners of the Company		**(2,221,688)**	55,854
– Non-controlling interests		**(5,178)**	(2,144)
		(2,226,866)	53,710
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)	15		
– Basic		**(2.519)**	0.255
– Diluted		**(2.519)**	0.255

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**7,750**	7,423
Right-of-use assets	17	**19,111**	14,544
Investment property	18	**—**	24,189
Goodwill	19	**301,628**	—
Interest in an associate	20	**374**	—
Loan receivables	21	**127,470**	—
Deferred tax assets	30	**4,100**	—
Equity instruments at fair value through other comprehensive income ("FVTOCI")	22	**333**	—
Total non-current assets		**460,766**	46,156
Current assets			
Inventories	23	**44,875**	56,392
Trade receivables	24	**8,397**	3,760
Prepayments, deposits and other receivables	25	**43,567**	40,033
Restricted bank deposits	26	**10,850**	5,020
Cash and cash equivalents	27	**27,676**	162,301
Total current assets		**135,365**	267,506
Total assets		**596,131**	313,662
Equity			
Share capital	28	**253,128**	29,174
Reserves	29	**(54,244)**	(461,822)
Equity attributable to owners of the Company		**198,884**	(432,648)
Non-controlling interests		**11,368**	16,546
Total equity		**210,252**	(416,102)

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	30	**259**	—
Borrowings	31	**100,287**	471,192
Other payables	32	**20,158**	—
Lease liabilities	33	**10,591**	11,317
Provision for reinstatement costs	34	**282**	282
Total non-current liabilities		**131,577**	482,791
Current liabilities			
Trade and bills payables	35	**33,564**	36,557
Accruals and other payables	32	**77,141**	97,703
Contract liabilities	36	**71,666**	48,484
Lease liabilities	33	**8,892**	10,434
Borrowings	31	**9,479**	—
Other current liabilities	37	**53,560**	53,560
Provision for reinstatement costs	34	**—**	235
Total current liabilities		**254,302**	246,973
Total liabilities		**385,879**	729,764
Total equity and liabilities		**596,131**	313,662
Net current (liabilities)/assets		**(118,937)**	20,533

The consolidated financial statements on page 58 to 145 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

YUAN LI
Director

ZHUANG LIANGBAO
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital RMB'000	Share premium RMB'000 (notes 28 and 29(a))	Statutory reserves RMB'000 (note 29(b))	Other reserves RMB'000 (note 29(c))	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
1 January 2023	29,174	1,885,248	28,007	55,395	(2,486,326)	(488,502)	17,786	(470,716)
Profit and total comprehensive income for the year	—	—	—	—	55,854	55,854	(2,144)	53,710
Disposal of subsidiaries	—	—	—	—	—	—	904	904
As at 31 December 2023 and 1 January 2024	29,174	1,885,248	28,007	55,395	(2,430,472)	(432,648)	16,546	(416,102)
Loss and total comprehensive expense for the year	—	—	—	—	(2,221,688)	(2,221,688)	(5,178)	(2,226,866)
Allotment of shares (note 28(b))	28,852	73,205	—	—	—	102,057	—	102,057
Allotment of shares - capitalisation of loan from a shareholder (note 28(c))	75,368	93,526	—	—	—	168,894	—	168,894
Issuance of award shares (note 28(d))	563	2,468	—	(3,031)	—	—	—	—
Issuance in consideration for acquisition of the issued share capital of a subsidiary (note 38)	119,171	2,454,427	—	—	—	2,573,598	—	2,573,598
Transfer	—	—	149	—	(149)	—	—	—
Equity settled share-based payment expenses	—	—	—	8,671	—	8,671	—	8,671
As at 31 December 2024	**253,128**	**4,508,874**	**28,156**	**61,035**	**(4,652,309)**	**198,884**	**11,368**	**210,252**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
(Loss)/profit before tax		**(2,229,528)**	53,789
Adjustments for:			
– Net foreign exchange changes		**3,368**	(1,796)
– Depreciation of right-of-use assets	11	**6,191**	3,077
– Depreciation of property, plant and equipment	11	**608**	2,028
– Depreciation of investment property	11	**788**	1,574
– Loss/(gain) on disposal of property, plant and equipment and right-of-use assets	11	**78**	(2,155)
– Finance income	9	**(2,834)**	(292)
– Interest expenses		**10,492**	20,386
– Net reversal of write down of inventories		**(251)**	(2,212)
– Impairment loss on trade receivables	43(b)(ii)	**379**	158
– Impairment losses/(reversal of impairment loss) on prepayments, other receivables and deposits		**1,097**	(326)
– Impairment loss on loan receivables	21	**3,498**	—
– Impairment loss on goodwill		**2,183,408**	—
– Loss on deregistration of subsidiaries		**—**	—
– Gain on early termination of lease agreement		**(300)**	—
– Provision of litigations		**—**	20
– Loss/(gain) on disposal of subsidiaries		**246**	(104,185)
– Gain on extension of interest payables		**(4,384)**	—
– Reversal of reinstatement costs, net		**(235)**	(131)
– Share-based payment expenses		**8,671**	—
– Share of result of an associate		**(362)**	—
Operating cash flows before movements in working capital		**(19,070)**	(30,065)
– Change in inventories		**11,768**	(12,533)
– Change in trade and bills receivables		**(4,046)**	38
– Change in prepayments, deposits and other receivables		**(3,192)**	(808)
– Change in restricted bank deposits		**(5,830)**	3,038
– Change in trade and bills payables		**(5,463)**	15,154
– Change in accruals and other payables		**(1,757)**	49,062
– Change in contract liabilities		**(3,043)**	29,369
Cash (used in)/generated from operations		**(30,633)**	53,255
Interest paid		**(14,824)**	(9,496)
Income taxes paid		**(1,500)**	(79)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(46,957)**	43,680

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	**(1,111)**	(116)
Net cash outflow arising from disposal of subsidiaries	39	**(6)**	(176)
Net cash inflow arising from acquisition of subsidiaries	38	**2,702**	—
Net proceed from disposal of property, plant and equipment and righ-of-use assets		**96**	66,091
Interest received		**518**	292
Acquisition of equity instruments at fair value through other comprehensive income		**(333)**	—
NET CASH GENERATED FROM INVESTING ACTIVITIES		**1,866**	66,091
FINANCING ACTIVITIES			
Advance from third parties and related parties and other borrowings		**20,704**	170,971
Advance from a shareholder		**—**	403,247
Repayment of other borrowings		**(16,773)**	(291,281)
Repayment of loan from shareholders		**(181,280)**	(216,467)
Repayment of lease liabilities		**(14,242)**	(13,413)
Repayment of bond payables		**—**	(8,886)
Net proceeds from issue of shares		**102,057**	—
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		**(89,534)**	44,171
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(134,625)**	153,942
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**162,301**	8,359
CASH AND CASH EQUIVALENTS AT END OF YEAR		**27,676**	162,301

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL INFORMATION

China Qidian Guofeng Holdings Limited (the "Company") was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law (2009 Revision as amended, supplemented or otherwise modified) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 25 March 2010. The address of its registered office is the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The address of the Company's principal place of business in the People's Republic of China (the "PRC") is located at Room 3602, Jingxing Sea Building, No. 3125, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC, whereas, its principal place of business in Hong Kong is located at Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. In the opinion of the directors of the Company, Greatssjy Co., Ltd., a company incorporated in the British Virgin Islands, is the immediate and ultimate holding company of the Company. Mr. Yuan Li is the ultimate controlling party of the Company.

The Company is principally engaged in investment holding. The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") include (i) the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance; (ii) the liquor business; and (iii) education-related training services in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which includes all Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and HK (IFRIC) Interpretations, HK Interpretations and HK (SIC) Interpretations (collectively referred to as "Interpretations"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique.

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.

For financial instruments and investment property which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(b) Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resource to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year. The amendments add a disclosure objective to HKAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments. The Group has provided additional disclosures related to the amendments in note 35.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature - dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HK Int 5	Amendments to Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18")

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management - defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made. HKFRS 18, and the consequential amendments to other HKFRSs, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 Leases) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non- controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Business combinations *(Continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash- generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

The associate uses accounting policies that differ from those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Investments in associates *(Continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Sale with a right of return

For a sale of products with a right of return for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Further details of the Group's revenue and other income recognition policies are as follows:

(a) Sales of goods - Bulk distribution

Revenue from the sales of goods by bulk distribution directly to the customers (other retailers and distributors) is recognised at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the goods by the customers. The customers have full discretion over the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. The Group collects cash or bank acceptance notes from the customers before or upon deliveries of goods through banks. Cash or bank acceptance notes collected from the customers before goods delivery is recognised as contract liabilities. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with the market practice.

(b) Sales of goods - Retail

The Group operates a chain of retail stores for selling household appliances and import and general merchandises. Revenue from the sales of goods directly to the customers is recognised at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the goods by the customers. The customers have full discretion over the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Revenue from retail sales are usually settled in cash or by credit or payment card. Cash or credit/payment settlement collected from the customers before goods delivery is recognised as contract liabilities.

(c) Sales of goods – Online sales

Revenue from the sales of goods directly to the customers is recognised at the point that the control of the inventory have passed to the customers, which is primarily upon the acceptance of the goods by the customers. The customers have full discretion over the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Revenue from online sales are usually settled in cash or by credit or payment card. Cash or credit/payment settlement collected from the customers before goods delivery is recognised as contract liabilities.

(d) Provision of services

The Group renders maintenance and installation services to end customers. Revenue from such services is recognised when services have been provided and the collectability of the related service receivables is reasonably assured.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Sale with a right of return *(Continued)*

(e) Training service fees

Training service fees are derived from organizing seminars and the provision of training services. Training service fees are generally received in advance prior to the program seminars or lessons. Training service fees are recognised proportionately over the relevant course schedule in which the services are rendered. The portion of training services fees received from customers but not yet earned is recorded as contract liabilities, and the portion of which that will be earned beyond one year is reflected as non-current liability.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee *(Continued)*

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Government grants

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

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

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

(a) Short term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(b) Pension obligations (defined contribution plan)

A defined contribution plan is a pension plan under which the Group pays contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

The employee of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's employer's contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions).

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee benefits *(Continued)*

(c) Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserves). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserves. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognised in other reserves will be transferred to share capital and share premium.

Shares granted to non-employees

Equity-settled share-based payment transactions with parties other than employees; including service providers, are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

The unidentifiable goods or services received (or to be received) is measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received (or to be received). The unidentifiable goods or services received is measured at the grant date.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

	Estimated useful lives	Residual value
Buildings	40 years or unexpired term of the leases, which is shorter	5%
Motor vehicles	5 years	5%
Electronics and office equipment	5 years	5%
Leasehold improvements	5 to 8 years or the remaining term of any non-renewable lease, whichever is shorter	—

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives of 40 years or unexpired term of the leases, if shorter, using the straight-line method.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, and right-of- use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Inventories – merchandise held for resale

Inventories comprise merchandise purchased for resale, and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost of merchandise, representing its purchase cost, is determined by using the first-in-first-out basis for household appliance merchandise.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

– the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at initial recognition of a financial asset, the Group may irrevocably elect to present subsequent change in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in other reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, other receivables, deposits, prepayments, loan receivables, restricted bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Company measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the debtor; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(iv) Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and bills receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities including other borrowings, trade and bills payables, other payables, other current liabilities and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Modification of financial liabilities

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10%.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. The Group will reassess the estimations by each reporting date.

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

Estimated impairment of non-financial assets

The Group follows HKAS 36 to determine whether non-financial assets have suffered any impairment. The recoverable amount of an asset is determined based on the higher of the asset's fair value less cost of disposal and value in use. The value in use calculations require the use of estimates. In case the recoverable amount is determined with reference to fair value less costs of disposal, when the fair value less cost of disposal are less than expected or there are unfavourable events and changes in facts and circumstances which result in revision of fair value less costs of disposal, a material impairment may arise.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Provision of ECL for trade receivables and financial assets at amortised cost included in prepayments, deposits and other receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable, supportable and available without undue costs or effort. At the end of reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, financial assets at amortised cost included in prepayments, deposits and other receivables with significant balances and are credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL are disclosed in note 43(b)(ii).

Revenue and profit recognition

Revenue from the provision of education service and membership income are recognised over time. Such revenue and profit recognition on uncompleted services is dependent on estimating the total outcome of the contract, as well as the work done to date.

Based on the Group's recent experience and the nature of the training activities undertaken by the Group, the Group has made estimates of the point at which it considered the work was sufficiently advanced such that the outcome of the contract can be reasonably measured.

In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

RMB67,908,000 (2023: RMB27,585,000) of revenue from provision of education services were recognised for the year ended 31 December 2024.

6. REVENUE AND SEGMENT INFORMATION

(i) REVENUE

Revenue represents fair value of the consideration received or receivable and for goods sold to customers and provision of education-related training services in normal course of business, net of discounts and sales related taxes.

	2024 RMB'000	2023 RMB'000
Types of goods and services		
Sales of home appliances	271,790	239,848
Sales of liquor	102,296	52,380
Provision of education service	67,908	27,585
	441,994	319,813
Timing of revenue recognition		
A point in time	374,086	292,228
Over time	67,908	27,585
	441,994	319,813

(ii) SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chief operating decision maker ("CODM"), being the chief executive officer of the Company, for the purpose of resource allocation and performance assessment focuses on type of goods or services delivered or provided are as follows:

Household appliance business— retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance.

Liquor business — trading of liquor.

Education business — education-related training services.

No reporting segment identified by the CODM has been aggregated in arriving at the reportable segment of the Group.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Year ended 31 December 2024				
Revenue sales to external customer	271,790	102,296	67,908	441,994
Segment results	(215)	2,294	(2,201,326)	(2,199,247)
Unallocated income				5,854
Unallocated expenses				(36,251)
Loss on disposal of subsidiaries, net (notes 39(a) and (b))				(246)
Share of result of an associate				362
Loss before tax				(2,229,528)
Other segment items are as follows:				
Depreciation of property, plant and equipment	329	8	271	608
Depreciation of right-of-use assets	4,469	359	1,363	6,191
Impairment loss on goodwill	—	—	2,183,408	2,183,408
Impairment loss on/(reversal of impairment loss) trade receivables	395	10	(26)	379
Impairment loss/(reversal of impairment loss) on prepayments, other receivables and deposits	229	(10)	890	1,109
Impairment loss on loan receivables	—	—	3,498	3,498
Net reversal of write down of inventories	(251)	—	—	(251)
(Gain)/loss on disposal of property, plant and equipment and right-of-use assets	(60)	138	—	78
Gain on early termination of lease agreement	(300)	—	—	(300)

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenue and results *(Continued)*

	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Year ended 31 December 2023				
Revenue sales to external customer	239,848	52,380	27,585	319,813
Segment results	2,816	(5,343)	(754)	(3,281)
Unallocated income				40
Unallocated expenses				(47,155)
Gain on disposal of subsidiaries, net (note 39(c))				104,185
Profit before tax				53,789
Other segment items are as follows:				
Depreciation of property, plant and equipment	2,023	5	—	2,028
Depreciation of right-of-use assets	2,333	270	474	3,077
Impairment loss on trade receivables	131	—	27	158
(Reversal of impairment loss)/ impairment loss on prepayments, other receivables and deposits	(862)	477	59	(326)
Net reversal of write down of inventories	(2,212)	—	—	(2,212)
Gain on disposal of property, plant and equipment and right-of-use assets	(2,155)	—	—	(2,155)

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 December 2024

Segment assets and liabilities	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Segment assets	113,400	27,233	453,015	593,648
Unallocated assets				2,483
Total assets				596,131
Segment liabilities	128,516	21,759	86,477	236,752
Unallocated liabilities				149,127
Total liabilities				385,879

As at 31 December 2023

Segment assets and liabilities	Household appliance business RMB'000	Liquor business RMB'000	Education business RMB'000	Total RMB'000
Segment assets	123,652	59,482	36,358	219,492
Unallocated assets				94,170
Total assets				313,662
Segment liabilities	571,600	44,658	42,787	659,045
Unallocated liabilities				70,719
Total liabilities				729,764

Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment property, goodwill, interest in an associate, deferred tax assets, loan receivables, equity instruments of FVTOCI, inventories, trade receivables, prepayments, deposits and other receivables and operating cash (including restricted bank deposits) and exclude assets of investment holding companies.

Segment liabilities comprise operating liabilities and exclude items such as other current liabilities, corporate liabilities of management companies and investment holding companies.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Information about major customers

None of customers had contributed over 10% of the total revenue of the Group for the years ended 31 December 2024 and 2023.

(d) Geographic information

All the revenue and operating results of the Group are derived from the PRC based on location of the operations. All the Group's non-current assets are located in PRC based on geographical location of the assets.

7. OTHER INCOME

	2024 RMB'000	2023 RMB'000
Rental income from investment property	**1,137**	103
Rental income from subletting stores	**1,183**	1,206
Consultant income	**30**	2,549
Government subsidy (note)	**362**	452
Activities income	**1,294**	1,593
Others	**1,249**	—
	5,255	5,903

Note:

There were no unfulfilled conditions or contingencies relating to these grants.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. OTHER GAINS AND LOSSES, NET

	2024 RMB'000	2023 RMB'000
(Loss)/gain on disposal of property, plant and equipment and right-of-use assets	**(78)**	2,155
Gain on early termination of lease agreement	**300**	—
Net reversal of write down of inventories	**251**	2,212
Provision for litigation (note 34)	**—**	(20)
Sale of scrap products	**10**	478
Others	**1,814**	(113)
Gain on extension of interest payables (note 31(c)(ii) and note 32(a))	**4,384**	—
	6,681	4,712

9. NET FINANCE COST

	2024 RMB'000	2023 RMB'000
Finance costs		
– Interest on lease liabilities	**1,074**	1,398
– Interest on other borrowings from independent third parties	**1,052**	2,242
– Interest on loans from shareholders	**8,321**	15,891
– Interest on loan from a related party	**45**	293
– Interest on bond payables	**—**	562
– Loss on foreign exchange from borrowings and bond payables	**3,123**	11,561
	13,615	31,947
Finance income		
– Interest income on bank deposits	**(518)**	(292)
– Interest income on loan receivables	**(2,316)**	—
	(2,834)	(292)
Net finance costs	**10,781**	31,655

10. INCOME TAX

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax		
Provision for the year	**1,500**	79
	1,500	79
Deferred tax – current year (note 30)	**(4,162)**	—
Income tax (credit)/expenses	**(2,662)**	79

(a) Hong Kong Profits Tax

The Group is not subject to Hong Kong profits tax as it has no assessable income arising in or derived from Hong Kong during the year (2023: Nil).

(b) PRC Enterprise Income Tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% for both years.

Beijing Shengshang Entrepreneurial Technology Co., Ltd, a subsidiary of the Company, obtained the Certificate of High and New Technology Enterprise in October 2023, which is valid for three years. Enterprise income tax is levied at a rate of 15%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The tax expenses for the year can be reconciled to (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 RMB'000	2023 RMB'000
(Loss)/profit before tax	**(2,229,528)**	53,789
Tax at domestic income tax rates	**(469,137)**	13,447
Tax effects of expenses not deductible for tax purpose	**550,123**	27,821
Tax effects of income not taxable for tax purpose	**(620)**	(48,908)
Tax effects of utilisation of tax losses previously not recognised	**(80,351)**	—
Tax effects of deferred tax previously not recognised	**(2,481)**	—
Tax effects of tax losses not recognised	**—**	6,966
Tax effects of deductible temporary difference not recognised	**(196)**	753
Income tax (credit)/expenses for the year	**(2,662)**	79

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. (LOSS)/PROFIT FOR THE YEAR

	2024 RMB'000	2023 RMB'000
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Cost of inventories sold	**280,675**	239,047
Cost of services rendered	**43,498**	19,016
Cost of sales and services	**324,173**	258,063
Taxes and levies on main operations (note)	**1,358**	628
Employee benefit expenses (including directors' and chief executives emoluments (note 12))		
Salaries and other allowances	**38,560**	24,715
Pension scheme contributions	**10,460**	9,680
Other benefits	**1,310**	1,240
Equity settled share-based payment expenses	**8,671**	—
	59,001	35,635
Depreciation of right-of-use assets (note 17)	**6,191**	3,077
Depreciation of property, plant and equipment (note 16)	**608**	2,028
Depreciation of investment property (note 18)	**788**	1,574
Provision of litigation	**—**	20
Net reversal of write down of inventories	**(251)**	(2,212)
Auditor's remuneration		
— Audit services	**1,600**	2,000
— Non-audit services	**900**	180
Loss/(gain) on disposal of property, plant and equipment and right-of-use assets	**78**	(2,155)
Gain on early termination of lease agreement	**(300)**	—

Note: Included in cost of sales

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

For the year ended 31 December 2024

	Salaries, allowances and benefit in kind RMB'000	Discretionary bonuses RMB'000	Pension Scheme Contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Directors' fees RMB'000	Total RMB'000
Executive directors						
– Mr. Yuan Li (Chairman)	947	—	163	—	1,932	3,042
– Mr. Zhuang Liangbao (note (a))	347	—	—	—	—	347
– Mr. Sun Yue (note (b))	506	—	44	3,031	—	3,581
– Mr. Yuan Lijun (note (c))	161	—	4	—	—	165
– Mr. Xu Xinying (note (d))	—	—	—	—	—	—
Independent non-executive directors						
– Mr. Zhang Yihua	92	—	—	—	—	92
– Mr. Chen Rui	92	—	—	—	—	92
– Mr. Fung Tak Choi (note (e))	78	—	—	—	—	78
– Ms. Tang Chung Kwan Brenda (note (f))	14	—	—	—	—	14
Non-executive directors						
– Mr. Gu Changchao (note (g))	68	—	—	—	—	68
– Ms. Xu Honghong (note (h))	—	—	—	—	—	—
– Mr. Wang Xianfu (note (i))	55	—	—	673	—	728
	2,360	—	211	3,704	1,932	8,207

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 December 2023

	Salaries, allowances and benefit in kind RMB'000	Discretionary bonuses RMB'000	Pension Scheme Contributions RMB'000	Equity-settled share-based payment expenses RMB'000	Directors' fees RMB'000	Total RMB'000
Executive directors						
– Mr. Yuan Li (Chairman)	—	—	—	—	1,903	1,903
– Mr. Xu Xinying	—	—	—	—	—	—
– Mr. Zhuang Liangbao (note (a))	156	—	—	—	—	156
Independent non-executive directors						
– Mr. Zhang Yihua	92	—	—	—	—	92
– Mr. Chen Rui	92	—	—	—	—	92
– Mr. Fung Tak Choi	92	—	—	—	—	92
Non-executive directors						
– Ms. Xu Honghong	—	—	—	—	—	—
	432	—	—	—	1,903	2,335

Notes:

(a) Mr. Zhuang Liangbao was appointed as executive director of the Company on 28 August 2023.

(b) Mr. Sun Yue was appointed as vice chairman of the board of directors, executive director and chief executive officer of the Company on 27 May 2024.

(c) Mr. Yuan Lijun was appointed as vice chairman of the board of directors, executive director and co-chief executive officer of the Company on 15 October 2024.

(d) Mr. Xu Xinying resigned as vice chairman of the board of directors and executives director of the Company on 6 November 2024.

(e) Mr. Fung Tak Choi resigned as an independent non-executive director of the Company on 6 November 2024.

(f) Ms. Tang Chung Kwan Brenda was appointed as an independent non-executive director of the Company on 6 November 2024.

(g) Mr. Gu Changchao was appointed as non-executive director of the Company on 21 January 2024 and resigned on 15 October 2024.

(h) Ms. Xu Honghong was removed as non-executive director of the Company on 21 January 2024.

(i) Mr. Wang Xianfu was appointed as non-executive director of the Company on 27 May 2024.

During the years ended 31 December 2024 and 2023, none of the directors or the chief executive (i) received any emolument from the Group as an inducement to join or upon joining the Group; or (ii) received any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or agreed to waive any remuneration.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group during the year included three directors (2023: one director), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2023: four) highest paid individuals who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and allowance	505	1,635
Pension scheme contributions	63	335
Equity settled share-based payment expenses	374	—
	942	1,970

The number of the highest paid employees who are not Directors whose remuneration fell within the following bands is as follows:

	2024 employee	2023 employee
Nil to HK$1,000,000	2	4

No emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

14. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the year ended 31 December 2024 (2023: Nil).

15. (LOSS)/EARNINGS PER SHARE

Basic

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

	2024	2023
(Loss) /profit attributable to owners of the Company (RMB'000)	(2,221,688)	55,854
Weighted average number of ordinary shares in issue ('000)	882,081	219,280
Basic (loss)/earnings per share (RMB)	(2.519)	0.255

Diluted

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023. Accordingly, the diluted (loss)/earnings per share is computed to be the same as the basic (loss)/earnings per share for the years ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Electronics and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2023	164,176	10,672	2,280	21,529	—	198,657
Additions	—	80	36	—	—	116
Disposal	(109,417)	(1,030)	(185)	—	—	(110,632)
Disposal through disposal of subsidiaries	(46,211)	(8,141)	(1,529)	(21,529)	—	(77,410)
At 31 December 2023 and 1 January 2024	8,548	1,581	602	—	—	10,731
Additions	—	424	593	—	94	1,111
Acquired on acquisition of subsidiaries (note 38)	6,138	145	571	—	—	6,854
Disposal	—	(201)	(189)	—	—	(390)
Disposal through disposal of subsidiaries (note 39(a))	(8,548)	—	—	—	—	(8,548)
At 31 December 2024	6,138	1,949	1,577	—	94	9,758
Accumulated depreciation						
At 1 January 2023	40,103	9,160	1,807	4,219	—	55,289
Charge for the year (note 11)	1,793	142	93	—	—	2,028
Eliminated on disposal	(18,311)	(948)	(3)	—	—	(19,262)
Elimination for disposal of subsidiaries	(22,097)	(6,978)	(1,453)	(4,219)	—	(34,747)
At 31 December 2023 and 1 January 2024	1,488	1,376	444	—	—	3,308
Charge for the year (note 11)	300	71	237	—	—	608
Eliminated on disposal	—	(54)	(162)	—	—	(216)
Elimination for disposal of subsidiaries (note 39(a))	(1,692)	—	—	—	—	(1,692)
At 31 December 2024	96	1,393	519	—	—	2,008
Accumulated impairment loss						
At 1 January 2023	38,586	—	—	17,310	—	55,896
Eliminated on disposal	(38,586)	—	—	—	—	(38,586)
Elimination for disposal of subsidiaries	—	—	—	(17,310)	—	(17,310)
At 31 December 2023 and 31 December 2024	—	—	—	—	—	—
Carrying amount						
At 31 December 2024	6,042	556	1,058	—	94	7,750
At 31 December 2023	7,060	205	158	—	—	7,423

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

During the year ended 31 December 2024, depreciation of property, plant and equipment of RMB608,000 (2023: RMB2,028,000) has been charged to profit or loss and included in administrative expenses.

Impairment tests on property, plant and equipment and right-of-use assets

Due to the significant loss incurred for the year ended 31 December 2024, the management of the Group concluded that there was indication of impairment and conducted impairment assessment on property, plant and equipment and right-of-use assets with carrying amounts (before any impairment) as at 31 December 2024 of approximately RMB7,750,000 and RMB19,111,000 respectively. For the purposes of impairment testing, assets are grouped at each operating segment for which there are separately identifiable cash flows (cash-generating-units). An impairment loss was recognised for the amount by which the carrying amount of the assets/CGU exceeds its recoverable amount.

The recoverable amount of the CGU of household appliance business operating segment has been determined based on a value in use ("VIU") calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period with a pre-tax discount rate of 10.89%. The household appliance business's cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the household appliance business's past performance and management's expectations for the market development.

The recoverable amount of the CGU of operating segment education business has been determined based on a VIU calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period with a pre-tax discount rate of 13.52%. The education business's cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the education business's past performance and management's expectations for the market development.

The estimated recoverable amounts of the CGU of household appliance business operating segment and the CGU of education business operating segment are greater than the respective carrying amounts of the CGUs and no impairment loss has been recognised on property, plant and equipment and right-of-use assets during the year ended 31 December 2024.

At 31 December 2023, the buildings with an aggregate carrying amount of approximately RMB7,060,000 were pledged to Mr. Wu Jipeng and Guangdong Shengrong Financial Services Holdings Limited (廣東聖融金服控股有限公司) ("Guangdong Shengrong") for other borrowings granted to the Group (note 31(c)(i) and (ii)).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000	Leasehold properties RMB'000	Total RMB'000
Cost			
At 1 January 2023	31,095	74,127	105,222
Additions	—	16,371	16,371
Disposal	(25,830)	(30,915)	(56,745)
Disposal through disposal of subsidiaries	(4,360)	(3,995)	(8,355)
At 31 December 2023 and 1 January 2024	905	55,588	56,493
Additions	—	10,752	10,752
Acquired on acquisition of subsidiaries (note 38)	—	534	534
Disposal through disposal of subsidiaries (note 39(a))	(905)	—	(905)
At 31 December 2024	—	66,874	66,874
Accumulated depreciation			
At 1 January 2023	13,647	53,503	67,150
Charge for the year (note 11)	678	2,399	3,077
Eliminated on disposal	(12,533)	(28,994)	(41,527)
Eliminated on disposal of subsidiaries	(1,460)	(2,886)	(4,346)
At 31 December 2023 and 1 January 2024	332	24,022	24,354
Charge for the year (note 11)	45	6,146	6,191
Elimination for disposal of subsidiaries (note 39(a))	(377)	—	(377)
At 31 December 2024	—	30,168	30,168
Accumulated impairment			
At 1 January 2023	1,755	20,624	22,379
Eliminated on disposal	(1,755)	(3,029)	(4,784)
At 31 December 2023 and 1 January 2024 and 31 December 2024	—	17,595	17,595
Carrying amount			
At 31 December 2024	—	19,111	19,111
At 31 December 2023	573	13,971	14,544

17. RIGHT-OF-USE ASSETS *(Continued)*

	2024 RMB'000	2023 RMB'000
Total cash outflow for leases	**14,242**	13,413
Additions to right-of-use assets	**10,752**	16,371

As at 31 December 2023, the Group leases land in the PRC for own use. The leases are held between 27 to 40 years. At 31 December 2023, the leasehold land of RMB RMB573,000 has been pledged as collateral to Mr. Wu Jipeng and Guangdong Shengrong for other borrowings granted to the Group (note 31(c)(ii)).

For both years, the Group leases retail shops and office for its operations. Lease contracts are entered into for fixed term of 1 to 8 years (2023: 1 to 8 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non- cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Details of impairment tests on right-of-use assets are set out in note 16.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

18. INVESTMENT PROPERTY

	2024 RMB'000	2023 RMB'000
At 1 January	**24,189**	33,035
Disposal through disposal of subsidiaries (note 39)	**(23,401)**	(7,272)
Depreciation (note 11)	**(788)**	(1,574)
At 31 December	**—**	24,189
Cost	**—**	29,959
Accumulated depreciation	**—**	(5,770)
	—	24,189

Investment property is located in the PRC and are held on medium term leases.

Depreciation of the investment property

During the year ended 31 December 2024, depreciation of investment property of RMB788,000 (2023: RMB1,574,000) has been charged to profit or loss and included in administrative expenses.

The fair value of the Group's investment property as at 31 December 2023 was approximately RMB24,700,000. The fair value has been arrived at based on a valuation carried out by an independent valuer not connected to the Group.

The fair value was determined based on income approach where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar properties in the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

The fair value measurement falls under level 3 of the fair value hierarchy. There has been no change from the valuation technique used in previous years.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Pledge of the investment property

As at 31 December 2023, investment properties of RMB24,189,000 have been pledged as collateral to Mr. Wu Jipeng and Guangdong Shengrong for the other borrowings granted to the Group (notes 31(c)(i) and (ii)).

19. GOODWILL

	Education business 2024 RMB'000
Cost	
At 1 January 2023 and 31 December 2023	—
Addition from acquisition of subsidiaries (note 38)	2,485,036
At 31 December 2024	**2,485,036**
Impairment	
At 1 January 2023 and 31 December 2023	—
Impairment loss for the year	2,183,408
At 31 December 2024	**2,183,408**
Carrying amount	
At 31 December 2024	**301,628**

Goodwill arising on acquisition of Shengshang Entrepreneurial Services Co., Limited ("Shengshang") and its subsidiaries (collectively referred to as "Shengshang Group") on 27 September 2024 is carried at cost as established at the date of acquisition less accumulated impairment losses, if any.

Impairment tests on goodwill

For the purposes of impairment testing, goodwill with indefinite useful lives have been allocated to the education business operating segment, as a group of CGUs, that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

The goodwill arising from the acquistion of Shengshang Group represented the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of Shengshang Group. In connection with the acquisition of Shengshang Group, 850,000,000 consideration shares at the issue price of HK$0.40 each were issued and allotted to the vendors to acquire the entire equity interest in Shengshang Group. The difference between (i) the acquisition date fair value of the consideration shares for the acquisition of Shengshang Group as determined based on the closing price of HK$3.36 per share of the Company on the completion date and (ii) the issue price of HK$0.40 per consideration share pursuant to the sale and purchase agreement for the acquisition of Shengshang Group, has resulted in unexpected increase in the total consideration transferred for the acquisition of Shengshang Group from approximately HK$340,000,000 (equivalent to approximately RMB330,000,000), being the consideration as stipulated in the sale and purchase agreement for the acquisition of Shengshang Group, to approximately HK$2,856,000,000 (equivalent to approximately RMB2,573,598,000), being the fair value of the consideration at the date of acquisition.

19. GOODWILL *(Continued)*

Impairment tests on goodwill *(Continued)*

The recoverable amount of the education business operating segment has been determined based on a VIU calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period with pre-tax discount rate of 13.52%. The education business's cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the VIU calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the education business's past performance and management's expectations for the market development.

The recoverable amount of the education business operating segment, the CGU to which the goodwill is allocated, is lower than its carrying amount and an impairment loss of RMB2,183,408,000 has been recognised and included in the consolidated statement of profit or loss and other comprehensive income.

20. INTEREST IN AN ASSOCIATE

Interest in an associate represents the Group' s 43.33% equity interest in Beijing Guoyan Zhigu Industry Information Technology Research Co., Ltd. (北京國研智谷產業信息技術研究院有限公司) ("Beijing Guoyan"), a limited liability company established in the PRC on 15 August 2018. In view of the composition of the board of directors of Beijing Guoyan, directors of the Company consider that the Group has significant influence over Beijing Guoyan.

	2024 RMB'000
Cost of investment in an associate	12
Share of post-acquisition profits	362
	374

21. LOAN RECEIVABLES

	2024 RMB'000	2023 RMB'000
Unsecured loan and interest receivables	130,968	—
Less: Allowance for credit loss	(3,498)	—
	127,470	—

The Group acquired the loan receivables through acquisition of Shengshang on 27 September 2024 (note 38).

Loan receivables represented the Group's borrowings to Noble Trade International Holdings Limited ("Noble Trade International"), a shareholder of the Company. 298,472,783 shares of the Company were held by Noble Trade International as beneficial owner. Noble Trade International was wholly-owned by Mogen Ltd. ("Mogen"). Mogen was owned as to (i) 38.48% by Mr. Yuan Li, executive director of the Company, through Greatssjy Co., Ltd.; (ii) 14.06% by Mr. Xu Xinying, executive director of the Company, through Xu Xinying Co., Ltd.; (iii) 2.96% by Mr. Zhuang Liangbao, executive director of the Company, through Zhuanglb Co., Ltd.. 327,553,334 shares of the Company were held by Greatssjy Co., Ltd. as beneficial owner. Greatssjy Co., Ltd. was 100% wholly-owned by Mr. Yuan Li.

Greatssjy Co., Ltd., Xu Xinying Co., Ltd. and Zhuanglb Co., Ltd. was former shareholder of Shengshang and vendors of Shengshang (note 38).

As at 31 December 2024, loan and interest receivables of approximately RMB127,470,000 are unsecured, interest-bearing at 4.5% per annum and repayable on 21 December 2026.

The directors of the Company regularly review and assess the credit quality of Noble Trade International. Since these receivables are not past due, and there has no historical default record, the directors of the Company consider that the Group's credit risk is not significant after considering the financial background and condition of Noble Trade International.

Analysis of changes in the corresponding credit loss is as follows:

	2024 RMB'000
At 1 January	—
Impairment loss	3,498
At 31 December	3,498

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

22. EQUITY INSTRUMENTS AT FVTOCI

	2024 RMB'000	2023 RMB'000
Unlisted equity investment	333	—

The above unlisted equity investment represents the Group's equity interest in a private entity established in the PRC which is engaged in the manufacturing and trading of liquor in the PRC. The directors of the Company have elected to designate these investments as equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

23. INVENTORIES

	2024 RMB'000	2023 RMB'000
Merchandise held for resale	45,724	57,761
Write-down of inventories for obsolescence	(849)	(1,369)
	44,875	56,392

24. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables, gross	9,491	4,475
Less: Allowance for credit loss	(1,094)	(715)
Trade receivables, net	8,397	3,760

The credit terms granted to customers by the Group range from 30 days to 90 days.

The ageing analysis of trade receivables based on invoice date, before allowance for credit loss, as at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Within 90 days	7,805	3,474
91 - 365 days	1,089	555
1 - 2 years	103	94
2 - 3 years	158	72
Over 3 years	336	280
Total	9,491	4,475

24. TRADE RECEIVABLES *(Continued)*

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB1,708,000 (2023: RMB1,001,000) which are past due as at the reporting date. Details of impairment of assessment of trade receivables are set out in note 43(b)(ii).

All trade receivables are denominated in RMB and their carrying amounts approximate their fair values as at the reporting period.

The maximum exposures of the Group to credit risk from trade receivables as at the end of the reporting period were the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers	**37,952**	35,247
Deposits	**1,526**	2,641
Value added tax recoverable	**488**	—
Other receivables from third parties, net of provision		
– Staff advances	**1,552**	817
– Others	**2,049**	1,328
	43,567	40,033

Note:

During the year ended 31 December 2024, impairment losses of RMB1,098,000 (2023: reversal of impairment losses of RMB326,000) on prepayments and other receivables was recognised, taking into account of the ECL on these prepayments and other receivables. At 31 December 2024, the accumulated impairment losses on prepayments and other receivables amounted to RMB3,345,000 (2023: RMB2,247,000).

During the year ended 31 December 2024, impairment loss (2023: reversal of impairment loss) on prepayments, deposits and other receivables has been recognised and included in the consolidated statement of profit or loss and other comprehensive income.

26. RESTRICTED BANK DEPOSITS

Deposits of RMB10,850,000 (2023: RMB5,020,000) have been pledged to banks as collateral for the Group's bills payables as at 31 December 2024. The deposits are expected to be released within twelve months from the end of the reporting period and are classified as current assets.

27. CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash on hand		
– denominated in RMB	2	3
Cash at bank		
– denominated in RMB	23,949	71,221
– denominated in HK$	2,439	91,027
– denominated in United States dollars ("US$")	1,286	50
	27,674	162,298
Total cash and cash equivalents	27,676	162,301

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with credit worthy banks with no recent history of default.

28. SHARE CAPITAL OF THE COMPANY

Ordinary shares of US$0.02 each

	Notes	Number of ordinary shares '000	Amount US$'000	Amount equivalent to RMB$'000
Authorised:				
As at 1 January 2023, 31 December 2023, 1 January 2024		600,000	12,000	72,444
Increase on 21 May 2024	(a)	4,400,000	88,000	625,407
At 31 December 2024		5,000,000	100,000	697,851

	Notes	Number of ordinary shares	Amount US$'000	Amount equivalent to RMB$'000
Issued and fully paid:				
As at 1 January 2023, 31 December 2023 and 1 January 2024		219,279,744	4,386	29,174
Allotment of shares	(b)	202,483,086	4,050	28,852
Allotment of shares - capitalisation of loan from a shareholder	(c)	530,000,000	10,600	75,368
Issuance of award shares	(d)	3,965,678	79	563
Issuance in consideration for acquisition of the issued share capital of a subsidiary (note 38)		850,000,000	17,000	119,171
As at 31 December 2024		1,805,728,508	36,115	253,128

28. SHARE CAPITAL OF THE COMPANY *(Continued)*

Notes

(a) Pursuant to a resolution passed by the shareholders of the Company on 21 May 2024, the authorised share capital of the Company increased from US$12,000,000 divided into 600,000,000 Shares of the Company of US$0.02 each to US$100,000,000 divided into 5,000,000,000 Shares of US$0.02 each by the creation of an additional 4,400,000,000 new Shares.

(b) Allotment of shares on 26 January 2024

On 14 January 2024, the Company and Yayue Longte Co., Limited (亞悦隆特有限公司) (the "Subscriber") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 43,855,948 shares of the Company at the subscription price of HK$0.69 per Share.

The completion of the subscription agreement took place on 26 January 2024 and 43,855,948 shares have been allotted and issued to the Subscriber at the subscription price of HK$0.69 per share. The net proceeds, after deduction of the related expenses, amounted to approximately HK$29,961,000 (equivalent to approximately RMB27,488,000). The Company intends to apply such net proceeds for general working capital and general corporate expenses of the Group.

Allotment of shares on 9 July 2024

On 28 June 2024, the Company entered into subscription agreements and supplemental subscription agreements with two subscribers, Yayue Longte Co., Limited and Oupu Shanwei International Holdings Limited, respectively pursuant to which, the Company conditionally agreed to allot and issue and the two subscribers conditionally agreed to subscribe for an aggregate of 158,627,138 Shares, representing 20% of the then issued share capital of the Company, at the subscription price of HK$0.515 per Share. For details, please refer to the announcements of the Company dated 28 June 2024, 2 July 2024 and 9 July 2024.

The completion of the subscription agreements took place on 9 July 2024. An aggregate of 158,627,138 new shares have been allotted and issued to the Two Subscribers at the subscription price of HK$0.515 per share. The net proceeds from the subscription (after deduction of the related expenses) are approximately HK$81,693,000 (equivalent to approximately RMB74,569,000), which will be applied for repayment of debts, general working capital and corporate expenses of the Group.

(c) On 18 March 2024, the Company and Noble Trade International, a shareholder of the Company, entered into a subscription agreement, pursuant to which, Noble Trade International has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 530,000,000 shares at the subscription price of HK$0.35 per share for a total consideration of HK$185.50 million (equivalent to approximately RMB168,894,000), which shall be satisfied by way of offsetting HK$185,500,000 (equviuant to approximately RMB168,894,000) of the outstanding principal amount of the loans payable to Noble Trade International (note 31(a)(i)).

The completion of the subscription took place on 24 May 2024.

(d) On 9 September 2024, 3,965,678 shares were issued and granted to Mr. Sun Yue, an executive director of the Company, upon vesting of shares on 8 August 2024. Details of share award scheme are set out in note 40.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidted statement of changes in equity.

Notes:

(a) Share premium

Pursuant to Section 34 of the Cayman Companies Law (2003 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provision of the Articles of Association of the Company.

(b) Statutory reserves

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purpose in accordance with the regulations in the PRC. The allocation is based on 10% of these companies' profit for the year, as reported in their statutory financial statements.

(c) Other reserves

Other reserves mainly represents reserve arising from grant of share awards, issuance of share option schemes in prior years, lapse of share options expired and the difference between the amounts of net consideration/contribution from non-controlling interests and the carrying value of non-controlling interests acquired or disposed of.

30. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	4,100	—
Deferred tax liabilities	(259)	—
	3,841	—

30. DEFERRED TAX ASSETS/LIABILITIES *(Continued)*

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the year:

	Lease liabilities RMB'000	Right-of-use assets RMB'000	Tax losses RMB'000	Impairment of asset RMB'000	Accelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	—	—	—	—	—	—
Acquired on acquisition of subsidiaries (note 38)	67	(80)	—	(49)	(259)	(321)
(Charge)/credit to profit or loss	3,663	(3,659)	3,511	647	—	4,162
At 31 December 2024	**3,730**	**(3,739)**	**3,511**	**598**	**(259)**	**3,841**

The Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB167,263,000 (2023: RMB270,099,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Tax losses expire from 2025 to 2029 (2023: 2024 to 2028).

As at 31 December 2024, the Group has deductible temporary differences mainly in respect of impairment of certain assets in aggregate of approximately RMB5,579,000 (2023: RMB183,504,000). No deferred tax asset has been recognised in relation to the deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2024, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB138,240,160 (2023: RMB19,223,313). No deferred tax liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The Group has no significant unrecognised deferred tax liabilities at 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. BORROWINGS

	2024 RMB'000	2023 RMB'000
Non-current		
Loans from a shareholder (note (a))	85,010	423,652
Loan from a former shareholder (note (b))	3,219	—
Other borrowings (note (c))	12,058	47,540
	100,287	471,192
Current		
Other borrowings (note (c))	9,479	—
	109,766	471,192
Secured	—	47,540
Unsecured	109,766	423,652
	109,766	471,192

At 31 December 2024 and 2023, the other borrowing were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year or demand	9,479	—
After 1 year but within 2 years	—	72,048
After 2 years but within 5 years	100,287	399,144
	109,766	471,192

31. BORROWINGS *(Continued)*

(a) Loans from a shareholder

	2024 RMB'000	2023 RMB'000
Noble Trade International	**85,010**	423,652

Note:

Noble Trade International

The movement of loan from Noble Trade International for the year is set out below

	2024 RMB'000	2023 RMB'000
At 1 Janauary	**423,652**	263,032
Repayment to shareholder	**(181,280)**	(216,467)
Advance from a shareholder	**—**	403,247
Accrual of interest	**8,321**	15,891
Transfer to other payables	**—**	(39,985)
Exchange adjustment	**3,211**	(2,066)
Capitalisation	**(168,894)**	—
	85,010	423,652

As at 31 December 2023, the total principal amount of borrowings from Noble Trade International amounted to approximately HK$261,520,000 (equivalent to approximately RMB236,995,000) and USD26,000,000 (equivalent to approximately RMB184,151,000) and interest payables totalling HK$2,515,000 (equivalent to approximately RMB2,278,000) and US$32,000 (equivalent to approximately RMB228,000). These borrowings from Noble Trade International bear interest rates ranging from 4.5% to 5% per annum and are unsecured and repayable in 2026.

On 18 March 2024, the Company and Noble Trade International entered into a subscription agreement, pursuant to which, Noble Trade International has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 530,000,000 Shares at the subscription price of HK$0.35 per Share for a total consideration of HK$185,500,000 (equivalent to approximately RMB168,894,000), which shall be satisfied by way of offsetting HK$185,500,000 (equivalent to approximately RMB168,894,000) of the outstanding principal amount of the loans payable to Noble Trade International. The Company's allotment of shares for the capitalisation of the loan was approved by independent shareholders at an extraordinary general meeting held on 21 May 2024.

As at 31 December 2024, the total principal amount of borrowings from Noble Trade International amounted to approximately HK$80,000,000 (equivalent to approximately RMB74,083,000) and interest payables amounted to approximately HK$11,800,000 (equivalent to approximately RMB10,927,000). These borrowings are unsecured, interest bearing at 4.5% per annum and repayable on 23 May 2027.

(b) Loan from a former shareholder

	2024 RMB'000	2023 RMB'000
Chongqing Saint	**3,219**	—

Note:

Chongqing Saint

As at 31 December 2024, the principal amount of borrowings from Chongqing Saint Information Technology Co., Ltd, (重慶聖商信息科技有限公司), ("Chongqing Saint") amounted to approximately RMB3,210,000 and interest payables amounted to approximately RMB9,000 Chongqing Saint was formerly owned by Mr. Yuan Li, the ultimate controlling party of the Company. This borrowing is unsecured, interest bearing at 3% per annum and repayable on 25 November 2027.

31. BORROWINGS *(Continued)*

(c) Other borrowings

	Notes	2024 RMB'000	2023 RMB'000
Loan from independent third parties			
Mr. Wu Jipeng	(i)	**9,479**	6,313
Guangdong Shengrong	(ii)	**11,087**	41,227
		20,566	47,540
A related party			
Mr. Yuan Yang	(iii)	**971**	—
		21,537	47,540

Notes:

(i) Mr. Wu Jipeng is a friend of the chairman. The directors, to the best of their knowledge, information and belief, considered that Mr. Wu Jipeng is an independent third party of the Group. The loan is unsecured (2023: secured by the pledge of the Group's buildings, investment properties and right-of-use assets with total carrying amounts of RMB31,823,000 (note 46)), interest bearing at 5.5% per annum and repayable on 31 December 2025.

(ii) Guangdong Shengrong Financial Services Holdings Limited (廣東聖融金服控股有限公司) ("Guangdong Shengrong")

At 31 December 2023, the amount due to Guangdong Shengrong represented principal amount of RMB29,300,000 and accrued interest of approximately RMB11,927,000. The loan was secured, interest bearing at 5% per annum and repayable on or before 13 June 2025 (note 46).

On 19 June 2024, the principal amount of RMB29,300,000 was settled by the disposal of the Group's equity interest in Yangzhou Laihao Electrical Appliances Trading Co., Ltd. (揚州來好電器商貿有限公司) ("Yangzhou Laihao"), a subsidary of the Group. For details, please refer to note 39(a).

On 25 November 2024, the Group entered into an extension agreement with Guangdong Shengrong, pursuant to which, the repayment date of interest payable of approximately RMB12,613,000, with amortised cost of RMB11,087,000, has been extended to 26 November 2027 and gain on extension of interest payables of RMB1,574,000 was recognised accordingly.

(iii) Mr. Yuan Yang (袁煬), is the brother of Mr. Yuan Li, the ultimate controlling party of the Company. As at 31 December 2024, the principal amount of borrowings from Mr. Yuan Yang amounted to HK$1,000,000 (equivalent to approximately RMB926,000) and interest payables amounted to approximately HK$48,000 (equivalent to approximately RMB45,000). This borrowing is unsecured, interest bearing at 4% per annum and repayable on 12 October 2027.

32. ACCRUALS AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Non-current liabilities		
Interest payables (notes (a))	20,158	—
Current liabilities		
Salary and welfare payables	5,300	4,808
Accrued expenses	27,324	22,970
Interest payables (notes (a))	20	37,717
Deposits (notes (d))	32,934	21,764
VAT and other tax payables	2,606	1,487
Amounts due to shareholders (notes (b) & (c))	8,957	8,957
	77,141	97,703

Notes:

(a) At 31 December 2023, the Group had interest payables totalling RMB32,424,000 owed to Chongqing Saint, in which Mr. Yuan Li, the ultimate controlling party of the Company. This interest payables were repayable on 10 March 2024.

On 25 November 2024, the Group entered into an extension agreement with Chongqing Saint, pursuant to which, the repayment date of interest payable of approximately RMB22,513,000, with amortised cost of RMB20,158,000, has been extended to 26 November 2027 and gain on extesnion of interest payables of RMB2,810,000 was recognised accordingly.

(b) At 31 December 2024 and 2023, the amount due to a shareholder represented an advance made from a former shareholder, China Ruike Investment & Development Co. Ltd. ("China Ruike") of RMB5,057,000 in 2017. China Ruike is a company connected to a former director, Mr. Cao Kuanping. The amount is unsecured, interest free and repayable on demand.

(c) At 31 December 2024 and 2023, the amount due to a shareholder of RMB3,900,000 represented an advance made by a shareholder, Mr. Yuan Li. The amount is unsecured, interest-free and repayable on demand.

(d) Included in deposits are mainly rental deposits received from tenants and performance guarantee deposits received for the purpose of securing the deliveries of satisfactory services by service providers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the year:

	2024 RMB'000	2023 RMB'000
Within 1 year	**8,892**	10,434
After 1 year but within 2 years	**5,090**	5,976
After 2 years but within 5 years	**5,501**	5,341
	19,483	21,751
Less: Amount due for settlement within 12 months presented under current liabilities	**(8,892)**	(10,434)
Amount due for settlement presented under non-current liabilities	**10,591**	11,317

The weighted average incremental borrowing rates applied to lease liabilities range from 2.9% to 9.61% (2023: from 2.9% to 10.11%).

34. PROVISIONS

	Litigations (note (b)&(c)) RMB'000	Provision for reinstatement costs (note (a)) RMB'000	Total RMB'000
At 1 January 2023	12,280	648	12,928
Disposal of subsidiaries (note 39(c))	(12,300)	—	(12,300)
Provision for the year	20	205	225
Reversal for the year	—	(336)	(336)
At 31 December 2023 and 1 January 2024	—	517	517
Reversal for the year	—	(235)	(235)
At 31 December 2024	**—**	**282**	**282**

34. PROVISIONS *(Continued)*

	2024 RMB'000	2023 RMB'000
Analysed for reporting purposes as:		
Non-current liabilities	**282**	282
Current liabilities	**—**	235
	282	517

Notes:

(a) The provision for the reinstatement costs represents the Directors' estimate of the liabilities associated with the removal and disposal of leasehold improvements at the end of lease terms when the Group is contractually obliged to restore the rented premises to the condition specified in the lease agreements.

(b) Litigations made against former subsidiaries to recover shareholders' capital contribution

(i) In May 2020, 揚州來泰商貿集團有限公司 ("揚州來泰"), a former subsidiary of the Company, was ordered to accept bankruptcy liquidation by Nanjing Pukou Court (南京浦口法院), which required settlement of aggregated debt and bankruptcy expenses of approximately RMB9,000,000. According to the court order issued by Pukou District People's Court of Nanjing (南京市浦口區人民法院), the shareholder of 揚州來泰 had to jointly pay the above RMB9,000,000 within the capital contribution amount of RMB45,000,000 of 揚州來泰. The Group had made litigation provision of RMB9,000,000 as at 31 December 2022.

(ii) A supplier made a litigation with the court, claiming that the shareholder of 揚州來泰 should assume supplementary compensation liability for the unpaid-in portion in respect of insolvent part of the loan owned by a subsidiary of the Group. According to the judgement made by Hanjiang People's Court of Yangzhou (揚州市邗江區人民法院), 揚州來泰 should assume approximately RMB272,000 within its capital contribution amount of RMB24,600,000. The Group had made litigation provision of RMB272,000 as at 31 December 2022.

(iii) During the year ended 31 December 2023, litigations made against former subsidiaries to recover shareholders' capital contribution was released through disposal of the Company's entire interest in 揚州來泰. Details of disposals of subsidiaries are set out in note 39(c).

(c) Litigations made by other parties against the Group

(i) A company made a litigation with the court, claiming that 揚州來泰 should assume joint and several liability for the lease and other expenses incurred by leasing of its premises. According to the judgement of the Intermediate People's Court of Nanjing (南京市中級人民法院) in January 2022, 揚州來泰 should take joint and several liability of RMB2,444,000 and full litigation provision was made as at 31 December 2022. The Group has contingent liabilities arising from the ordinary course of business relating to claims from suppliers, employees and other parties. Judgements for certain cases were made by courts in the PRC against the Group. During the year ended 31 December 2023, the Group made an aggregate provision of RMB20,000 (2022: RMB733,000). The directors of the Company considered that sufficient provision had been made in the consolidated financial statements according to the judgements. The directors have made estimates for potential litigation costs and claims based upon consultation with PRC lawyers. Actual results could differ from these estimates. In the opinion of the directors of the Company, such litigations and claims will not have a material adverse effect on the Group's financial condition, financial performance or cash flows.

During the year ended 31 December 2023, litigations made by other parties against the Group was released through disposal of the Company's entire interest in 揚州來泰. Details of disposals of subsidiaries are set out in note 39(c).

(ii) During the year ended 31 December 2024, there was litigation claim (the "Claim") brought by an individual (the "Claimant") in the PRC against each of Sichuan Shengli Aesthetic Medical Hospital Co., Ltd. (四川聖麗整形美容醫院有限公司) ("Sichuan Shengli"), Sichuan Youjieshang Hospital Management Co., Ltd. (四川優潔商醫院管理有限公司),Chongqing Ruishang Hospital Management Co., Ltd. (重慶瑞商醫院管理有限公司), Luo Fan (羅帆) (collectively the "Other Defendants") and Beijing Shengshang Entrepreneurial Technology Co., Ltd ("Beijing Shengshang"), a subsidiary of the Company, in relation to personal injury and damages the Claimant suffered from the accidents happened during an aesthetic surgery procedure performed by Sichuan Shengli. Beijing Shengshang is alleged by the Claimant to be the actual controller of Sichuan Shengli. The court of the Chengdu High-tech Industrial Development Zone ruled on 19 February 2024 that the Claimant's total loss was amounted to approximately RMB1,787,000. Sichuan Shengli should be held responsible for the Claimant's loss, and the Other Defendants and Beijing Shengshang should bear joint and several liability for the Claim.

Beijing Shengshang has filed an appeal with the Chengdu Intermediate People's Court for such ruling as Beijing Shengshang is not the acutal controller of Sichuan Shengli. In the opinion of the directors of the Company, such litigations and claims will not have a material adverse effect on the Group's financial position, financial performance or cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

34. PROVISIONS *(Continued)*

(iii) Yangzhou Laitai Trading Group Co., Ltd. (楊州來泰商貿集團有限公司) ("Laitai Trading") was a former wholly owned subsidiary of the Company and had been disposed of by the Group during the year ended 31 December 2023. On 16 March 2023, the Hanjiang District People's Court of Yangzhou City ruled that Laitai Trading was insolvent and clearly lacked the ability to repay its debts, meeting the conditions for bankruptcy declaration. Accordingly, the court legally adjudicated Laitai Trading as bankrupt.

Nanjing Haihuitong Supply Chain Service Co., Ltd. (南京海滙通供應鏈服務有限公司) ("Nanjing Haihuitong") is a creditor of Laitai Trading, with an outstanding debt of RMB 10,013,775.00 owed by Laitai Trading.

On 11 May 2020, the Pukou District People's Court of Nanjing City accepted the bankruptcy application of Nanjing Haihuitong, filed by Nanjing Xuanshutai Trading Co., Ltd. (南京宣數泰商貿有限公司). Through reviewing the business registration records of Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd. (安徽四海滙銀家電銷售有限公司) ("Anhui Four Seas"), Nanjing Haihuitong discovered that on 22 May 2020, Laitai Trading entered into an equity transfer agreement ("Equity Transfer Agreement") with Yangzhou Huiyin Commercial Chain Co., Ltd (揚州滙銀商業連銷有限公司) ("Yangzhou Huiyin Commercial Chain"), transferring its long-term equity investment in Anhui Four Seas (valued at RMB 32,500,000, representing a 65% equity stake) to Yangzhou Huiyin Commercial Chain for zero consideration. This gratuitous transfer of assets by Laitai Trading rendered Nanjing Haihuitong unable to realize its claims.

Nanjing Haihuitong has filed an application with the Hanjiang District People's Court of Yangzhou City requesting (1) the revocation of the Equity Transfer Agreement signed between Laitai Trading and Yangzhou Huiyin Commercial Chain on 22 May 2020; and (2) the restoration of the 65% equity stake in Anhui Sihai Huiyin, currently registered under Yangzhou Huiyin Commercial Chain, back to the name of Laitai Trading.

Currently, the equity of Yangzhou Huiyin Commercial Chain has been frozen by the Hanjiang District People's Court of Yangzhou City. In the opinion of the Directors of the Company, such litigations and claims are uncertain and will not have a material adverse effect on the Group's financial position, financial performance or cash flows.

35. TRADE AND BILLS PAYABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade payables		**22,714**	27,847
Bills payable	(a)	**10,850**	8,710
		33,564	36,557

Note:

(a) At 31 December 2024, the bills payable were secured by restricted bank deposits of approximately RMB10,850,000 (2023: RMB5,020,000). These relate to trade payables in which the Group has issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group are obliged to make payments to the relevant banks on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills by the Group are included within operating cash flows based on the nature of the arrangements.

35. TRADE AND BILLS PAYABLES *(Continued)*

Most of the principal suppliers require prepayment for goods purchase. The credit period granted by the Group's principal suppliers ranges from 15 to 60 days.

	2024 RMB'000	2023 RMB'000
0 - 30 days	**13,928**	21,877
31 - 90 days	**8,324**	5,365
91 - 365 days	**8,630**	6,525
1 - 2 years	**795**	—
2 - 3 years	**480**	327
Over 3 years	**1,407**	2,463
Total	**33,564**	36,557

36. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Receipts in advance of delivery of products/performance obligation	**71,603**	48,421
Prepaid card	**63**	63
	71,666	48,484

Receipts in advance of delivery of products/performance obligation

Advances from customers include the non-refundable payment received from customers, for which the Group has obligation to transfer goods or services to customers.

	2024 RMB'000	2023 RMB'000
Movements in contract liabilities		
At 1 January	**48,484**	19,115
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities	**(396,284)**	(181,219)
Increase in contract liabilities as a result of receiving consideration in advance from the customers	**393,241**	210,554
Increase in contract liabilities as a result of receiving consideration in advance from the customers by prepaid card	**—**	34
Acquired on acquisition of subsidiaries (note 38)	**26,225**	—
At 31 December	**71,666**	48,484

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36. CONTRACT LIABILITIES *(Continued)*

Receipts in advance of delivery of products/performance obligation *(Continued)*

The following shows how much of the revenue recognised relates to carried-forward contract liabilities.

	RMB'000
For the year ended 31 December 2024	
Revenue recognised that was included in the contract liability balance at the beginning of the year	**46,183**

	RMB'000
For the year ended 31 December 2023	
Revenue recognised that was included in the contract liability balance at the beginning of the year	19,115

Prepaid card

The prepaid card is a kind of cash advance from customers for redeeming of goods. The prepaid card has no expiry date and the prepaid card holder can only redeem the money stored in the prepaid card by purchase of goods.

37. OTHER CURRENT LIABILITIES

	2024 RMB'000	2023 RMB'000
Payable to the former owner of acquired subsidiary	**53,560**	53,560

The other liabilities arising from the contingent consideration arrangements represented payable to the former owner of an acquired subsidiary, Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd ("Anhui Four Seas"), in 2010. The contingent period was passed and the estimated consideration was at RMB53,560,000. The consideration payables are still subject to final negotiation with the former owner, which might be further adjusted. On 22 May 2020, the Company entered into an equity pledge agreement to pledge 65% of the equity interest of Anhui Four Seas against the consideration to the former owner.

38. ACQUISITION OF SUBSIDIARIES

On 26 July 2024, the Company entered into an acquisition agreement with the vendors (the "Vendors") set out below, pursuant to which the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the entire equity interest in Shengshang.

The Vendors are as follows:

Name of the Vendors	Ownership
Greatssjy Co., Ltd.	Wholly owned by Mr. Yuan Li, an executive director of and controlling shareholder of the Company
Xu Xinying Co., Ltd.	Wholly owned by Mr. Xu Xinying, a shareholder of the Company
Zhuanglb Co., Ltd.	Wholly owned by Mr. Zhuang Liangbao, an executive director of and shareholder of the Company
Dopoint Co., Ltd.	Wholly owned by an independent third party
Top Vanguard Linkage Innotech Co., Ltd.	Wholly owned by an independent third party
Energystone Co., Ltd.	Wholly owned by Mr. Yuan Yang, brother of Mr. Yuan Li
Shengshangmingyue Co., Ltd.	80% owned by Mr. Yuan Yang and 20% owned by Mr. Xu Xinying
Chengshan Co., Ltd.	Wholly owned by independent third parties
Heimazhidi Co., Ltd.	Wholly owned by independent third parties
Guangsuduoer Co., Ltd.	75.46% by its general partner, Xinyu Northern Dingyuan, which is owned as to 14.46% by Mr. Yuan Yang. The remaining equity interests are held by independent third parties
Dixingjingliu Co., Ltd.	Wholly owned by independent third parties
Houyishengrong Co., Ltd.	Wholly owned by independent third parties

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

On 27 September 2024 (the "Date of Completion"), the Group acquired the entire equity interest in Shengshang. Shengshang and Group, which are principally engaged in education-related training and was acquired with the objective of expanding the Group's relevant education business.

No contractual arrangements were noted among the shareholders of the Company and Shengshang evidencing that the same shareholder or same group of shareholders collectively have the power to govern the financial and operating policies of the Company and Shengshang so as to obtain benefits from their activities. Since the Company and Shengshang were not entities under common control by the same shareholder or same group of shareholders, the Company's acquisition of Shengshang had been accounted for as an acquisition of business using the acquisition method.

Pursuant to the acquisition agreement, the consideration for the acquisition of Shengshang was HK$340,000,000, and was settled by the allotment and issue of 850,000,000 shares of the Company at HK$0.4 per share (the "Consideration Shares").

	RMB'000
Consideration transferred	
Fair value of the Consideration Shares (based on quoted price at acquisition date of HK$3.36)	2,573,598

Acquisition-related costs amounting to approximately RMB3,919,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Property, plant and equipment	6,854
Right-of-use assets	534
Interest in an associate	12
Trade receivables	970
Loan receivables	128,652
Prepayments, deposits and other receivables	2,461
Cash and cash equivalents	2,702
Borrowings	(3,000)
Trade and bills payables	(2,470)
Accruals and other payables	(21,159)
Contract liabilities	(26,225)
Lease liabilities	(448)
Deferred tax liabilities	(321)
	88,562

38. ACQUISITION OF SUBSIDIARIES *(Continued)*

Assets acquired and liabilities recognised at the date of acquisition *(Continued)*

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	2,573,598
Less: recognised amounts of net assets acquired	(88,562)
Goodwill arising on acquisition	2,485,036

Goodwill arose on the acquisition of Shengshang because such acquisition bring synergy effect. Shengshang's expertise in the education-related training industry, established IT systems, and experienced team of lecturers and tutors can be directly leveraged by Shenzhen Qidian Education Technology Co., Ltd. (深圳奇點求學科技有限公司) ("Shenzhen Co"), a subsidiary of the Company which is engaging in education business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition of Shengshang

	RMB'000
Cash consideration paid	—
Less: cash and cash equivalents balances acquired	2,702
	2,702

Impact of the acquisition on the results of the Group

Included in the loss for the year is RMB2,188,423,000 (including impairment loss on goodwill of RMB2,183,408,000) attributable to the additional business generated by Shengshang. Revenue for the year includes RMB3,503,000 generated by Shengshang.

Had the acquisition of Shengshang been completed on 1 January 2024, revenue for the year of the Group from continuing operations would have been RMB469,421,000, and loss for the year from continuing operations would have been RMB2,213,837,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Shengshang been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

39. DISPOSAL OF SUBSIDIARIES

(a) Yangzhou Laihao Electrical Appliances Trading Co., Ltd (揚州來好電器商貿有限公司) ("Yangzhou Laihao")

On 19 June 2024, Beijing Qidian New Business Technology Co., Ltd. (北京奇點新商業科技有限公司) ("Beijing Qidian New Business Technology"), an indirect wholly owned subsidiary of the Company, as the seller, and Guangdong Shengrong Financial Services Holdings Limited (廣東聖融金服控股有限公司) ("Guangdong Shengrong"), as the purchaser, entered into an equity transfer agreement, pursuant to which Beijing Qidian New Business Technology agreed to dispose the entire issued share capital of Yangzhou Laihao at a consideration of RMB29,300,000 as part of the settlement arrangement of the borrowings (the "Borrowings") payable by Beijing Qidian New Business Technology to Guangdong Shengrong. For details, please refer to the announcement dated 19 June 2024.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	6,856
Right-of-use assets	528
Investment property	23,401
Other receivables	1,022
Accruals and other payables	(254)
Net assets disposed of	31,553
Loss on disposal of Yangzhou Laihao:	
Offset the Borrowings	29,300
Less: Net assets disposed of	(31,553)
Loss on disposal	(2,253)

No cash effect arising on disposal of Yangzhou Laihao.

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Beijing Qidian New Business Technology

On 29 November 2024, China Yinrui (HK) Investment Holding Company Limited ("China Yinrui"), a directly wholly owned subsidiary of the Company as the vendor, and Guangzhou Fanpuxin Technology Co., Ltd. (廣州凡甫信科技有限公司) ("Guangzhou Fanpuxin"), as the purchaser, entered into an equity transfer agreement, pursuant to which China Yinrui has agreed to sell and Guangzhou Fanpuxin has agreed to acquire the entire equity interest of Beijing Qidian New Business Technology at the consideration of RMB1. For details, please refer to the announcement dated 29 November 2024.

Analysis of assets and liabilities over which control was lost:

	RMB'000
Cash and cash equivalents	6
Tax payables	(2,013)
Net liabilities disposed of	(2,007)
Gain on disposal of Beijing Qidian New Business Technology:	
Consideration received and receivable	—
Net liabilities disposed of	2,007
Gain on disposal	2,007
Net cash outflow arising on disposal:	
Consideration	—
Cash and cash equivalents	(6)
	(6)

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) Disposal of 揚州來泰商務集團有限公司

During the year ended 31 December 2023, the Group disposed of its entire interests in揚州來泰商貿集團有限公司 (the "Company") and its subsidiaries, which is engaged in investment project in the PRC. The net assets of the Company and its subsidiaries at the date of disposal were as follow:

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	25,353
Rights-of-use assets	4,009
Investment property	7,272
Equity investment designated at FVTOCI	600
Restricted bank deposits	108
Cash and cash equivalents	69
Trade and bill payables	(102,418)
Accruals and other payables	(27,073)
Lease liabilities	(708)
Provision	(12,300)
	(105,088)
Gain on disposal of subsidiaries	
Cash consideration	1
Net liabilities disposal of	105,088
Non-controlling interest	(904)
Gain on disposal	104,185

Analysis of net cashflow arising from disposal

	RMB'000
	1
Consideration	(108)
Restricted bank deposits	(69)
Cash and cash equivalents	(176)

40. SHARE-BASED PAYMENT TRANSACTIONS

The Share Award Scheme (the "Scheme") was adopted by the Company on 15 June 2023 pursuant to a resolution passed on 15 June 2023 for the primary purpose of providing incentives to directors, eligible employees and service providers of the Group (the "Service Providers"). The Scheme was amended on 25 January 2024 and 8 August 2024. The Scheme shall be valid and effective for a term of 10 years commencing on 15 June 2023.

The maximum number of shares of the Company (the "Award Shares") which may be purchased, issued, allotted and allocated as Award Shares under the Scheme must not in aggregate exceed 95,176,283 representing 10% of the shares of the Company (the "Shares") in issue (excluding treasury shares) as at 8 August 2024 (the "Amendment Date") (the "Scheme Mandate Limit").

The maximum number of Award Shares which may be purchased, issued, allotted and allocated as Award Shares in respect of all awards to be granted to service providers of the Group (the "Service Providers") under the Scheme, must not in aggregate exceed 66,623,398, representing 70% of the Scheme Mandate Limit ("Service Provider Sublimit").

Details of share award are as follows:

	Date of grant	Participants	Vesting period	Number of Award Shares	Fair value per shares at date of grant RMB
(A)	27 May 2024	Director	27 May 2024 to 19 August 2024	3,965,678	0.76
(B)	27 May 2024	Staff	27 May 2024 to 27 May 2025	787,000	0.76
(C)	27 May 2024	Service Providers	27 May 2024 to 27 May 2025	5,555,000	0.76
(D)	31 October 2024	Director	31 October 2024 to 31 October 2025	1,800,000	2.24
(E)	31 October 2024	Staff	31 October 2024 to 31 October 2025	1,000,000	2.24

The following table discloses movements of the Scheme during the year

	Outstanding at 1 January 2024	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2024
(A)	—	3,965,678	(3,965,678)	—	—
(B)	—	787,000	—	—	787,000
(C)	—	5,555,000	—	(15,000)	5,540,000
(D)	—	1,800,000	—	—	1,800,000
(E)	—	1,000,000	—	—	1,000,000
		13,107,678	(3,965,678)	(15,000)	9,127,000

40. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

During the Year ended 31 December 2024, shares were granted on 27 May 2024 and 31 October 2024. The estimated fair values of the shares granted on those dates are approximately RMB7,877,000 and RMB6,263,000 respectively. The closing price of the Company's shares immediately before 27 May 2024 and 31 October 2024, the dates of grant, was HK$0.76 and HK$2.24 respectively.

The Group recognised the total expense of RMB8,671,000 for the year ended 31 December 2024 (2023: RMB nil) in relation to Award Shares granted by the Company.

In accordance with the vesting conditions set out in the grant notice, the awarded shares granted to the grantees become vested on the vesting date subject to the grantees remaining an eligible participant, which includes employee and service provider of the Group, on such date.

41. OPERATING LEASE RECEIVABLES

The Group leases out investment properties to other parties under operating leases. The leases typically run for an initial period of 1 to 5 years, with certain leases having an option to renew the lease after that date at which time all terms are renegotiated. None of the leases included contingent rentals.

Undiscounted lease payments receivable on leases are as follows:

	2024 **RMB'000**	2023 RMB'000
Not later than 1 year	–	158
Later than 1 year and not later than 5 years	–	12
	–	170

42. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

At 31 December 2024, the capital structure of the Group consists of cash and cash equivalents of approximately RMB27,676,000 (2023: RMB162,301,000) and equity attributable to owners of the Company of RMB198,884,000 (2023: negative balance of equity attributable to owners of the Company of RMB432,648,000).

The Directors review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with its capital.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Financial assets at amortised cost		
- Loan receivables	127,470	—
- Trade receivables, net	8,397	3,760
- Deposits and other receivables	5,127	4,786
- Restricted bank deposits	10,850	5,020
- Cash and bank balances	27,676	162,301
	179,520	175,867

	2024 RMB'000	2023 RMB'000
Financial liabilities		
Financial liabilities at amortised cost		
- Other borrowings	109,766	471,192
- Trade and bills payable	33,564	36,557
- Accruals and other payable	94,693	96,216
- Other current liabilities	53,560	53,560
- Lease liabilities	19,483	21,751
	311,066	679,276

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices

The Group's major financial instruments include borrowings, trade and bills receivables, other receivables, restricted bank deposits, cash and bank balances, trade and bills payables, lease liabilities, accruals and other payables and other current liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(i) Market risk

Currency risk

The Group operates mainly in the PRC and is exposed to currency risk with respect to primarily HK$ and US$. Foreign exchange risk arises from recognised assets and liabilities. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the years ended 31 December 2024 and 2023.

At 31 December 2024 and 2023, the carrying amounts of the Group's monetary assets and liabilities that are denominated in currency other than functional currencies of the respective group entities are as follows:

	2024		2023	
	HK$ RMB'000	**US$ RMB'000**	HK$ RMB'000	US$ RMB'000
Cash and bank balances	**2,439**	**1,286**	91,027	50
Accruals and other payables	**(12,512)**	**—**	(12,002)	-
Borrowings	**(98,679)**	**—**	(245,587)	(184,378)
	(108,752)	**1,286**	(166,562)	(184,328)

Sensitivity analysis

At 31 December 2024, if RMB had weakened/strengthened by 5% (2023: 5%), against HK$ with all other variables held constant, pre-tax loss for the year would have been approximately RMB5,438,000 higher/lower (2023: pre-tax profit for the year of RMB8,328,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of HK$ denominated cash and bank balances, accruals and other payables, and borrowings.

At 31 December 2024, if RMB had weakened/strengthened by 5% (2023: 5%), against US$ with all other variables held constant, pre-tax loss for the year would have been approximately RMB64,000 lower/higher (2023: RMB9,216,000 lower/higher), mainly as a result of foreign exchange losses/gains on translation of US$ denominated cash and bank balances and borrowings.

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices *(Continued)*

(i) Market risk *(Continued)*

Interest rate risk

Other than bank deposits with stable interest rate (Notes 26 and 27), the Group has no other significant interest-bearing assets. The Group does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, as the interest rates of bank deposits are not expected to change significantly.

The Group's interest-rate risk mainly arises from borrowings. At 31 December 2024, other borrowings/advances was RMB109,766,000 (2023: RMB471,192,000). Borrowings at fixed rates exposed the Group to fair value interest rate risk. The Group did not hedge its cash flow and fair value interest rate risk. The interest rates and terms of repayments of borrowings are disclosed in Note 31.

Sensitivity analysis

No sensitivity analysis for bank balances is performed as the directors of the Company consider that the interest rate fluctuation is not significant.

(ii) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, finance lease receivables, restricted bank deposits, bank balances, prepayments, other receivables. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Restricted bank deposits/Bank balances

Credit risk on restricted bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for restricted bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised.

Receivables

Trade receivables are due from wholesale customers with an appropriate financial strength. The Group grants the average credit term to these customers ranging from 30 days to 90 days, and the balances exceeding the credit term are monitored by the Group.

Other receivables also comprise the rental deposits. Rental deposits are placed with various landlords in the PRC and are due upon the expiry of the tenancy agreements and handover of the leased premises.

The Group assess the credit quality of other receivables by taking into account various factors including their financial position, past experience and other factors.

The carrying amount of receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to these financial assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 and 2023:

At 31 December 2024	Current (not past due) RMB'000	1 - 180 days past due RMB'000	181 - 365 days past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
Provision on individual basis					
Lifetime ECL rate				100%	
Gross carrying amount of certain debtor(s)	—	—	—	336	336
Loss allowance of certain debtor(s)	—	—	—	(336)	(336)
Provision on collective basis					
Lifetime ECL rate	4.5%	16.5%	37.6%	100.0%	
Gross carrying amount excluding certain debtor(s)	7,783	990	221	161	9,155
Loss allowance excluding certain debtor(s)	(351)	(163)	(83)	(161)	(758)
Total gross amount	7,783	990	221	497	9,491
Total loss allowance	(351)	(163)	(83)	(497)	(1,094)
Total net amount	7,432	827	138	—	8,397

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Trade receivables (Continued)

At 31 December 2023	Current (not past due) RMB'000	1 - 180 days past due RMB'000	181 - 365 days past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
Provision on individual basis					
Lifetime ECL rate	100%	100%	100%	100%	
Gross carrying amount of certain debtor(s)	—	—	72	280	352
Loss allowance of certain debtor(s)	—	—	(72)	(280)	(352)
Provision on collective basis					
Lifetime ECL rate	5.3%	24.0%			
Gross carrying amount excluding certain debtor(s)	3,474	555	94	—	4,123
Loss allowance excluding certain debtor(s)	(185)	(133)	(45)	—	(363)
Total gross amount	3,474	555	166	280	4,475
Total loss allowance	(185)	(133)	(117)	(280)	(715)
Total net amount	3,289	422	49	—	3,760

ECL rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Trade receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Trade receivables (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (Credit-impaired)	
	2024	2023
	RMB'000	RMB'000
At 1 January	**715**	20,504
Disposal of subsidiaries	**—**	(19,947)
Impairment losses recognised	**379**	158
At 31 December	**1,094**	715

Changes in loss allowance for trade receivables are mainly due to increase in trade receivables with aging over 1 year resulted in an increase in loss allowance.

Prepayments, other receivables and deposits

Other receivables, deposits and other financial assets are measured at amortised cost. To measure the ECL of financial assets at amortised cost as included in prepayments, deposits and other receivables, they have been grouped based on credit risk characteristics and internal credit risk assessment.

The Group's internal assessment in respect of other receivables, deposits and other financial assets at amortised cost comprises the following categories:

Internal credit assessment	Description	Other receivables, deposits and other financial assets at amortised cost
Low risk	The counterparty has a low risk of default and does not have any past due amounts	12 month ECL
Medium risk	Debtors frequently repay after due date but usually settle after due date	12 month ECL
Watch list	There have been significant increase in credit risk since initial recognition through internal or external resources	Lifetime ECL – not credit impaired
Doubtful	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and litigation, and the Group has no realistic prospect of recovery	Amount is written off

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices *(Continued)*

(ii) Credit risk and impairment assessment *(Continued)*

Prepayments, other receivables and deposits (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for financial assets at amortised cost as included in prepayments, deposits and other receivables as at 31 December 2024 and 2023.

	Average loss rate		Gross carrying amount		Loss allowance	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current (not past due)	**1%**	2%	**31,922**	36,177	**418**	718
1 - 365 days past due	**6%**	30%	**9,907**	2,742	**574**	809
Over 1 year past due	**51%**	100%	**4,595**	720	**2,353**	720

The following tables show reconciliation of loss allowances that have been recognised for prepayments, deposits and other receivables.

	Total
	RMB'000
At 1 January 2023	**24,852**
Disposal of subsidiaries	**(22,279)**
Impairment loss reversed	**(326)**
At 31 December 2023 and 1 January 2024	**2,247**
Impairment loss recognised	**1,098**
At 31 December 2024	**3,345**

The following table provides information about the Group's exposure to credit risk and ECLs for loan receivables as at 31 December 2024.

	Average loss rate		Gross carrying amount		Loss allowance	
	2024	2023	**2024**	2023	**2024**	2023
	%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current (not past due)	**3%**	—	**130,968**	—	**3,498**	—

	Total
	RMB'000
At 1 January 2024	**—**
Impairment loss recognised	**3,498**
At 31 December 2024	**3,498**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial Risk Management Objectives and Polices *(Continued)*

(iii) Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and external sources of funds through committed credit facilities from bank or other borrowings from individual third parties and related parties of the Company to meet the operation needs. Actions taken by management of the Group to meet immediate liquidity needs are also described in Note 4.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Weighted average interest rate %	Within 1 year or demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying Amount RMB'000
At 31 December 2024						
Financial liabilities						
Other borrowings	4.59%	9,937	—	110,153	120,090	109,766
Trade and bills payables		33,564	—	—	33,564	33,564
Accruals and other payables		74,535	—	22,513	97,048	94,693
Other current liabilities		53,560	—	—	53,560	53,560
Lease liabilities	4.64%	9,505	5,283	5,749	20,537	19,483
		181,101	5,283	138,415	324,799	311,066

	Weighted average interest rate %	Within 1 year or demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying Amount RMB'000
At 31 December 2023						
Financial liabilities						
Other borrowings	4.6%	—	50,194	480,293	530,487	471,192
Trade and bills payables		36,557	—	—	36,557	36,557
Accruals and other payables		96,216	—	—	96,216	96,216
Other current liabilities		53,560	—	—	53,560	53,560
Lease liabilities	6.6%	11,192	6,346	5,659	23,197	21,751
		197,525	56,540	485,952	740,017	679,276

43. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurement of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial asset that is measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used).

At 31 December 2024

	Level 3 RMB'000
Equity instruments at FVTOCI	333

Financial assets	Fair value 2024	Fair value hierarchy	Valuation technique and Significant unobservable input	Effect on fair value for increase of key input
Equity instruments at FVTOCI	333	Level 3	Asset approach	Increase
			Net assets: RMB3,933,000	
			Minority discount: 10%	Decrease
			Discount for 10%	
			Lack of Marketability	

There were no transfers between Level 1, 2 and 3 during the year.

(ii) Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI RMB'000
At 1 January 2024	—
Purchased	333
At 31 December 2024	333

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bond payables RMB'000	Other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	8,886	433,345	19,010	461,241
Advance from third parties and related parties and other borrowing	—	170,971	—	170,971
Advance from shareholders	—	403,247	—	403,247
Repayment of loan from shareholder	—	(216,467)	—	(216,467)
Repayment to bond payables	(8,886)	—	—	(8,886)
Repayment of other borrowings		(291,281)	—	(291,281)
Repayment of lease liabilities	—	—	(13,413)	(13,413)
Total change from financing activities	—	499,815	5,597	505,412
Non-cash measurement				
Exchange adjustment	—	(1,796)	—	(1,796)
Accrued interest	—	10,890	—	10,890
Transfer to other payables	—	(37,717)	491	(37,226)
Disposal of subsidiaries	—	—	(708)	(708)
Newly entered rental agreement during the year	—	—	16,371	16,371
At 31 December 2023 and 1 January 2024	**—**	**471,192**	**21,751**	**492,943**
Advance from third parties and related parties and other borrowing	**—**	**20,704**	**—**	**20,704**
Repayment of other borrowings	**—**	**(16,773)**	**—**	**(16,773)**
Repayment of loan from shareholders	**—**	**(181,280)**	**—**	**(181,280)**
Repayment of lease liabilities	**—**	**—**	**(14,242)**	**(14,242)**
Total change from financing activities	**—**	**(177,349)**	**(14,242)**	**(191,591)**
Non-cash measurement				
Exchange adjustment	**—**	**3,368**	**—**	**3,368**
Accrued interest	**—**	**9,323**	**1,074**	**10,397**
Gain on extension of interest payables	**—**	**(1,574)**	**—**	**(1,574)**
Gain on early termination of lease agreement	**—**	**—**	**(300)**	**(300)**
Issue of shares to settle shareholders loans	**—**	**(168,894)**	**—**	**(168,894)**
Acquired on acquisition of subsidiaries	**—**	**3,000**	**448**	**3,448**
Disposal of subsidiaries	**—**	**(29,300)**	**—**	**(29,300)**
Newly entered rental agreement during the year	**—**	**—**	**10,752**	**10,752**
At 31 December 2024	**—**	**109,766**	**19,483**	**129,249**

45. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Balance with related parties

	2024 RMB'000	2023 RMB'000
Loan receivables from Noble Trade International	**127,470**	—
Loan from Noble Trade International	**85,010**	423,652
Loan from Mr. Yuan Yang	**971**	—
Loan from Chongqing Saint	**3,219**	47,540
Trade payables - Beijing Shengshang Entrepreneurial Technology Co. Ltd	**—**	1,069
Other payables - entities controlled by the chairmen	**—**	4,933
Other payables - Chongqing Saint	**20,178**	32,784

Transactions with related parties

During the year, the Group entered into the following transactions with related parties:

	2024 RMB'000	2023 RMB'000
Interest expenses on loans from Noble Trade International	**8,227**	7,173
Interest expenses on loans from Chongqing Saint	**94**	8,718
Services expenses from Beijing Shengshang Entrepreneurial Technology Co. Ltd.	**5,904**	6,646

In the opinion of the Directors, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the related parties.

45. RELATED PARTY TRANSACTIONS *(Continued)*

Transactions with related parties *(Continued)*

The remuneration of directors and other members of key management during the year was as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and other benefits in kind	**4,535**	3,456
Social security costs	**212**	33
Equity-settled share-based payment expenses	**3,704**	—
	8,451	3,489

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

46. PLEDGE OF ASSETS

The Group's borrowings had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	Note	**2024** **RMB'000**	2023 RMB'000
Right-of-use assets	17	**—**	574
Investment properties	18	**—**	24,189
Buildings	16	**—**	7,060
		—	31,823

At 31 December 2023, the above assets of RMB31,823,000 were pledged to other borrowings granted to the Group (note 31(c)(iii)).

47. PARTICULARS OF SUBSIDIARIES

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ registration and operations	Paid up issued/ registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
			2024	2023	
Directly owned					
China Yinrui (HK) Investment Holding Company Limited	Hong Kong	1	**100%**	100%	Investment holding
Indirectly owned					
Yangzhou Huiyin Logistic Co., Ltd. 揚州滙銀物流有限公司	The PRC	US$5,000,000	**100%**	100%	Bulk distribution sales of Midea air- conditioners
Yangzhou Huiyin Household Appliances Sales Co., Ltd. 揚州滙銀電器銷售有限公司*	The PRC	US$4,100,000	**N/A**	100%	Retail sales of household appliances
Anhui Four Seas Huiyin Household Appliances Sales Co., Ltd. ("Anhui Four Seas") 安徽四海滙銀家電銷售有限公司	The PRC	RMB50,000,000	**65%**	65%	Retail sales of household appliances
Yangzhou Huiyin Commercial Chain Co., Ltd. 揚州匯銀商業連鎖有限公司	The PRC	HKD10,000,000	**100%**	100%	Bulk distribution sales
Yangzhou Laihao Electrical Trading Co., Ltd. 揚州來好電器商貿有限公司 (note 39 (a))	The PRC	RMB40,000,000	**0%**	100%	Investment holding
Yangzhou Huiyin Warehouse Management Co., Ltd. 揚州滙銀倉儲管理有限公司	The PRC	HKD78,500,000	**100%**	100%	Logistic and Warehouse Service
Guizhou Renhuai Guofeng Liquor Company Limited 貴州仁懷國峰酒業有限公司	The PRC	RMB10,000,000	**100%**	100%	Operation of liquors
Yuanli Liquor (Shenzhen) Co., Ltd. 原力酒業(深圳) 有限公司	The PRC	RMB10,000,000	**100%**	100%	Operation of liquors

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

47. PARTICULARS OF SUBSIDIARIES *(Continued)*

General information of subsidiaries *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Paid up issued/ registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
			2024	2023	
Shenzhen Singularity Creative Services Consulting Co., Ltd. 深圳奇點創服諮詢有限公司	The PRC	RMB10,000,000	100%	100%	Education-related training
Shenzhen Qidian Education Technology Co., Ltd. ("Shenzhen Qidian") 深圳奇點求學科技有限公司	The PRC	RMB2,000,000	75%	75%	Education-related training
Shengshang Entrepreneurial Services Co., Ltd.,	the Cayman Islands	USD50,000	100%	0%	Investment holding
Beijing Qidian Chuangfu Consulting Co., Ltd. 北京奇點創服諮詢有限公司	The PRC	RMB50,000,000	100%	0%	Investment holding
Beijing Shengshang Entrepreneurial Technology Co., Ltd. 北京聖商創業科技有限公司	The PRC	RMB30,300,000	100%	0%	Education-related training
Beijing Qidian New Business Consulting Co., Ltd. 北京奇點新商業諮詢有限公司	The PRC	RMB5,000,000	100%	0%	Education-related training

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

* Deregistered during 2024.

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporatio n and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non- controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
Anhui Four Seas	the PRC	35%	35%	(2,531)	(2,122)	14,204	16,735
Individually immaterial subsidiaries with non-controlling interests						(2,836)	(189)
						11,368	16,546

47. PARTICULARS OF SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests ("NCI"):

Anhui Four Seas	2024 RMB'000	2023 RMB'000
NCI percentage	35%	35%
Current assets	95,328	93,863
Non-current assets	18,629	9,509
Current liabilities	(64,506)	(46,996)
Non-current liabilities	(8,868)	(7,678)
	40,583	48,698
Equity attributable to owners of the Company	26,379	31,963
Accumulated NCI	14,204	16,735

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue	240,117	235,691
Profit/(Loss) for the year	2,270	(5,521)
Total comprehensive income/(expense) for the year	2,270	(5,521)
Loss for the year attributable to NCI	(2,531)	(1,950)
Cash inflow from operating activities	15,304	18,007
Cash (outflows)/inflows from investing activities	(400)	10
Cash outflow from financing activities	(12,734)	(11,763)
Net cash inflow	2,170	6,254

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 RMB'000	2023 RMB'000
ASSETS		
Non-current Assets		
Investments in subsidiaries	323,293	—
Current Assets		
Cash and cash equivalents	1,990	91,189
TOTAL ASSETS	325,283	91,189
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	253,128	29,174
Share premium	4,508,874	1,885,248
Other reserves	125,115	119,475
Accumulated losses	(4,676,865)	(2,389,732)
Total Equity	210,252	(355,835)
LIABILITIES		
Non-current Liabilities		
Borrowings	85,981	429,965
Current Liabilities		
Accruals and other payables	19,571	17,059
Borrowings	9,479	—
Total Current Liabilities	29,050	17,059
Total Liabilities	115,031	447,024
Net current (liabilities)/assets	(27,060)	74,130
Total Equity and Liabilities	325,283	91,189

The Company's statement of financial position were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Yuan Li
Director

Zhuang Liangbao
Director

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in the Company's reserves

	Share premium RMB'000 (note 29(a))	Other reserves RMB'000 (note 29(c))	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	1,885,248	119,475	(2,074,775)	(70,052)
Loss and total comprehensive expenses for the year	—	—	(314,957)	(314,957)
At 31 December 2023 and 1 January 2024	1,885,248	119,475	(2,389,732)	(385,009)
Allotment of shares (note 28(b))	**73,205**	**—**	**—**	**73,205**
Allotment of shares - capitalisation of loan from a shareholder (note 28(c))	**93,526**	**—**	**—**	**93,526**
Issuance of award shares (note 28(d))	**2,468**	**(3,031)**	**—**	**(563)**
Issuance in consideration for acquisition of the issued share capital of a subsidiary (note 38)	**2,454,427**	**—**	**—**	**2,454,427**
Equity settled share-based payment expenses	**—**	**8,671**	**—**	**8,671**
Loss and total comprehensive expense for the year	**—**	**—**	**(2,287,133)**	**(2,287,133)**
At 31 December 2024	**4,508,874**	**125,115**	**(4,676,865)**	**(42,876)**

49. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the reporting period, the Group entered into a loan extension agreement with Mr. Wu Jipeng to extend the loan with a principal amount of HKD 9,000,000 (equivalent to RMB 8,334,360) to 31 December 2028.

Financial Summary

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**441,994**	319,813	262,348	301,173	351,727
Profit/(loss) attributable to equity holders of the Company	**(2,221,688)**	55,854	(136,767)	(60,036)	(83,214)
Assets and liabilities					
Total assets	**596,131**	313,662	238,437	360,474	414,664
Total liabilities	**385,879**	729,764	709,153	693,365	720,131
Total equity	**210,252**	(416,102)	(470,716)	(332,891)	(305,467)
Non-controlling interests in equity	**11,368**	16,546	17,786	18,844	20,987