车市科技
CHESHI TECH

AI X Tech Inc.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1490

2024

Annual Report

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Xu Chong (徐翀) *(Chairman and chief executive officer)*
Mr. Liu Lei (劉磊)
Mr. Lin Yuqi (林渝奇)
Ms. Zhang Nan (張男)
(appointed with effect from December 6, 2024)

Independent Non-executive Directors

Mr. Xu Xiangyang (徐向陽)
Mr. Li Ming (李明)
(retired with effect from March 26, 2024)
Mr. Ng Jack Ho Wan (alias Ng Jacky) (吳浩雲)
Mr. Sun Yong (孫勇)
(appointed with effect from March 26, 2024)

AUDIT COMMITTEE

Mr. Ng Jack Ho Wan (alias Ng Jacky) (吳浩雲) *(Chairman)*
Mr. Xu Xiangyang (徐向陽)
Mr. Li Ming (李明)
(retired with effect from March 26, 2024)
Mr. Sun Yong (孫勇)
(appointed with effect from March 26, 2024)

REMUNERATION COMMITTEE

Mr. Xu Xiangyang (徐向陽) *(Chairman)*
Mr. Lin Yuqi (林渝奇)
Mr. Ng Jack Ho Wan (alias Ng Jacky) (吳浩雲)

NOMINATION COMMITTEE

Mr. Xu Chong (徐翀) *(Chairman)*
Mr. Xu Xiangyang (徐向陽)
Mr. Li Ming (李明)
(retired with effect from March 26, 2024)
Mr. Sun Yong (孫勇)
(appointed with effect from March 26, 2024)

AUTHORISED REPRESENTATIVES

Ms. Leung Shui Bing (梁瑞冰) (ACG, HKACG)
Mr. Xu Chong (徐翀)

COMPANY SECRETARY

Ms. Leung Shui Bing (梁瑞冰) (ACG, HKACG)

AUDITOR

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

HONG KONG LEGAL ADVISER

Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F, Jardine House
One Connaught Place, Central
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REGISTERED OFFICE

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Cayman Islands

PLACE OF BUSINESS IN THE PRC

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Hong Kong

PRINCIPAL SHARE REGISTRAR

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Grand Cayman KY-1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

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Shops 1712-1716, 17th Floor Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of Communications, Beijing Sanyuan branch
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Chaoyang District
Beijing, China

COMPANY WEBSITE

www.cheshi.com

STOCK CODE

1490

Financial Highlights

	Year ended December 31,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	180,404	197,185	170,037	155,358	**151,851**
Gross Profit	152,461	146,403	129,205	121,784	**85,850**
Profit for the year attributable to owners of the Company	64,641	41,013	16,396	42,884	**2,692**
Adjusted net profit[1]	79,099	58,816	15,159	41,413	**2,314**

	Year ended December 31,				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Total assets	339,294	560,274	572,420	609,599	**622,752**
Total liabilities	140,921	80,260	81,817	77,664	**88,881**
Total equity	198,373	480,014	490,603	531,935	**533,871**

Note:

(1) Adjusted net profit is defined as profit for the year adjusted by adding back or excluding share-based compensation expenses, listing expenses and fair value gain on convertible redeemable preference shares.

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of the Group for the Reporting Period to our Shareholders.

MARKET OVERVIEW

In 2024, China's automotive industry showed the dual characteristics of "structural recovery and deepening competition" driven by policy support and technological innovation. Although the macroeconomic recovery has led to the restoration of consumer confidence, the normalization of the industry price war has led to continued pressure on the profit margin. According to the forecast data from the China Association of Automobile Manufacturers, the production and sales of passenger vehicles in China in the whole year of 2024 are expected to reach 31.5 million and 31.3 million, up 4.3% and 4.0% year-on-year, and the growth rate is significantly slower than that in 2023.

Under the dual drive of policy and the market, the new energy vehicle industry would remain as the core growth point in 2024. With production and sales both exceeding 12 million units, the market penetration rate of new energy vehicles climbing to more than 35%, and the trend of intelligent (L3 level automatic driving technology accelerates the landing) and high-end had been further strengthened. At the same time, in 2024, China's automobile export volume continued to lead the world, with annual exports exceeding 5.5 million units, an increase of more than 12.0%, of which Southeast Asia, Europe and the Middle East contributed in the main increase.

China's automobile advertising market is accelerating its migration to online, and the overall scale is expected to exceed RMB100 billion in 2024, with online advertising penetration rate exceeding 50% for the first time. With the popularization of smart cabins and the increase of the online rate of used cars transactions, the penetration rate of online automobile advertising in China is expected to reach 58.6% in 2025. AI technology and content ecological restructuring promote industry change, and technology empowerment, data closed-loop and global traffic operation will become the core competitiveness of vertical media platforms.

GROUP OVERVIEW

Founded in September 2015, the Group has always been deeply engaged in the automotive vertical field, and has become a leading automotive information and digital marketing service provider in China, committed to providing high-quality full-scene marketing solutions for its automotive industry chain business partners and end users through the trinity model of "content + technology + ecology". Automotive information is produced and distributed by the Group's in-house creative team on its own platforms (including the Group's PC website, personal PC website and mobile applications) and a network of platforms covering more than 1,000 business partners. The Group builds a global content ecology, and by relying on original professional information and precise distribution capabilities driven by intelligent algorithms, continues to attract high-value user traffic, enabling customers such as OEM and distributors to achieve advertising reach with product effectiveness, thus consolidating the Group's market position in the automotive vertical media advertising industry. After the Group's shares were listed on the Main Board of the Stock Exchange in January 2020, the Company entered the Hong Kong capital market and significantly enhanced its capital strength and brand influence, injecting momentum into business innovation and strategic upgrading.

The Group officially changed its English name to AI X Tech Inc. in February 2025, demonstrating the Group's strategic determination and initiatives to comprehensively upgrade its AI-driven technology platform. Facing structural changes in the industry, the Group focuses on "intelligent technology empowerment and ecological value reconstruction" and accelerates three core strategies: 1) AI technology breakthrough: increase intelligent advertising matching system and virtual interactive tools to improve advertising conversion efficiency and user experience; 2) Content matrix deepening: expand short video, live broadcast and new energy vertical content to create an immersive consumption decision-making scene; and 3) Sinking market collaboration: through digital SaaS tools and regional service networks, deeply link sinking market partner platform networks to activate incremental markets. The Group is accelerating its transformation into the core engine of intelligent automotive industry, and seizing the growth opportunities in the era of intelligent mobility with technological breakthroughs and ecological coordination.

BUSINESS OVERVIEW

For the year ended December 31, 2024, the Group's revenue was approximately RMB151.9 million, a decrease of approximately 2.3% compared to approximately RMB155.4 million for the same period in 2023, mainly due to increased competition in the automotive market and the adjustment of advertisers' advertising strategies, resulting in a decrease in the Group's online advertising revenue compared to the same period. Among them, for the year ended December 31, 2024, the Group's online advertising service revenue was approximately RMB119.2 million, a decrease of approximately 23.3% compared to the same period in 2023.

Gross profit for the year ended December 31, 2024 was approximately RMB85.9 million, a decrease of approximately 29.5% compared to approximately RMB121.8 million for the same period in 2023. For the year ended December 31, 2024, the Group's net profit was approximately RMB2.3 million, a decrease of approximately 94.4% compared to the same period in 2023, mainly due to the Group's strategic transformation period focusing on platform technology upgrading and ecological restructuring, short-term investment surge, increased self-developed AI platform and virtual interaction technology research and development. Deepen the construction of content matrix such as short video and live broadcast, and optimize user experience. Although short-term profitability is under pressure, in the long run, advertising conversion efficiency can be improved and user decision-making links shortened, and energy can be stored to seize the intelligent circuit and consolidate the leadership position in the vertical field.

Significant milestones in the Group's business for the year ended 31 December 2024 are set out below:

(1) The Group continued to consolidate its leading position in the vertical field and build ecological barriers to the global content

During the year ended December 31, 2024, the Group continued to deepen its "technology + content" dual-engine strategy, further expanding its user scale advantage and consolidating its leading position in the automotive vertical media advertising industry through synergistic upgrading of content ecology and distribution efficiency. Through the upgrade of the fullscene content matrix to build a full-domain content system covering professional evaluation, new automobile resources, user co-creation and short video matrix, relying on intelligent distribution technology to achieve "one creation, thousands of domain reach", accurately covering the head platform and long tail traffic port, conserving resources for contract renewal with OEMs by focusing on new energy vehicle models and low-end markets through raising stakes in the self-media and short video strategy. At the same time, the Group upgraded its strategic marketing system in 2024 to enhance the Group's precision marketing efficiency and industry competitiveness.

(2) The Group independently developed AIGC technology engine, reshaping intelligent marketing service ecology with AI technology application

The Group will fully implement the self-developed AIGC product "AI X" in 2024. The core capabilities of the Company's self-developed products include: diversified content generation, intelligent distribution, accurate control efficiency and data closed-loop empowerment. Through massive account matrix and automated content generation technology, the Company strives to build a "creative – production – distribution – transformation" full-link AI marketing solution for the automotive industry. The "AI X" distribution system will be fully in operation in 2025, promoting the Group's transformation from a "vertical media service provider" to an "AI+ ecological marketing technology platform".

(3) The Group has entered into cooperation with Xinhua News Agency

In March 2024, the Group reached cooperation with the Xinhua News Agency client to set up an automotive industry column on the Xinhua News Agency client, and reached an agreement on communication and communication cooperation in the automotive industry. The Company gives full play to the industry deep cultivation and market customer advantages of the "online car market", and jointly establish a regular exchange mechanism with Xinhua News Agency, release cutting-edge industry information, and jointly convey the development story of the automobile industry.

OUTLOOK

In 2025, the Group will continue to deepen the dual-engine model of "technology + content" with the core strategy of "AI driven and ecological global transition", focusing on technological paradigm innovation and industrial value chain reconstruction, such development measures include:

(1) Reshaping vertical media ecosystem leadership: from PGC to AI+UGC+PGC co-evolution

Based on the "AI X" intelligent engine, the Group plans to build a three-dimensional content matrix of "professional evaluation + user co-creation + AI-assisted creation", launch the AI creation partner plan to enable we-media creators to generate videos and other content with one click, deepen data interoperability with platforms such as Douyin, Kuaishou and XiaoHongshu, and realize the full link automation of "content – distribution – transformation". Thus expand the geographical coverage and user base, improve the quality of vertical content service and industry ecological influence.

(2) Increase the Group's investment in AI research and development, build an AI native strategy base, and drive the global intelligent transition

The Group will comprehensively deepen the construction of AI technology base, take generative AI as the core engine, and promote the technology architecture from tool empowerment to "decision center + ecological collaboration". By reconstructing the underlying algorithm model and data closed-loop system, three core modules of intelligent creation, intelligent distribution and intelligent attribution are realized. Relying on AI to launch a user-customized tool chain, deepen vertical industry solutions, form a deep collaborative network of "technology symbiosis, data sharing, and value co-creation", so as to strategically upgrade the marketing system, deeply bind core customers, and comprehensively reshape the automotive marketing value chain.

(3) Seek opportunities for forward-looking ecological mergers and acquisitions, strategic cooperation, etc

The Group will focus on the trend of intelligent and ecological change in the global automotive industry, increase investment in technology research and development and ecological content construction, and seek to achieve a "technology-scenario-data" closed loop through strategic cooperation, ecological mergers and acquisitions. The consideration of seeking suitable target is: (i) the core technology provided can form an intelligent interactive technology cluster with the existing technology direction of the Group, which will have a helping effect on the upgrading of the Group's marketing system; (ii) the new energy vertical ecology has certain precise user traffic, so as to enrich the Group's business scene entrance; and (iii) having sound financial position.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the management members and staff of the Group for their hard work in the past year. I would also like to give my sincere gratitude to our Shareholders, partners and stakeholders for their continued support, and hope to receive their continued support in the future.

Xu Chong
Chairman and Chief Executive Officer
Beijing, the PRC, March 27, 2025

FINANCIAL REVIEW

During the Reporting Period, the Group's total revenue was approximately RMB151.9 million, representing a decrease of approximately RMB3.5 million, or approximately 2.3%, from approximately RMB155.4 million for the year ended December 31, 2023. The decrease in revenue was mainly due to the increased competition in the automotive market and the adjustment of advertisers' advertising strategies, the Group's online advertising business revenue decreased compared to the same period in 2023.

The table below sets forth a breakdown of revenue by our revenue streams, shown in actual amounts and as percentage to total revenue for the years indicated:

	Year ended December 31,				
	2024		2023		year-on-year
	RMB'000	**%**	RMB'000	%	% change
Online advertising services	**119,160**	**78.5**	155,358	100.0	(23.3)
Mobility business	**145**	**0.1**	–	–	NA
– Sales of automobiles	**145**	**0.1**	–	–	NA
Integrated marketing service	**32,546**	**21.4**	–	–	NA
Total	**151,851**	**100.0**	155,358	100.0	(2.3)

Cost of sales

During the Reporting Period, the Group's cost of principal operations increased by approximately RMB32.4 million or 96.6% to approximately RMB66.0 million (for the year ended December 31, 2023: approximately RMB33.6 million). The increase in the cost of principal operations was due to the Group's continuous optimization of the advertising structure and the promotion of we-media channels in order to promote the digital transformation strategy, the stage cost of upfront investment in the upgrading of the strategic marketing system has increased, and such capital expenditure will improve the precision marketing capability and efficiency in the next five years.

Gross profit and gross profit margin

As a result of the above, gross profit decreased by approximately RMB35.9 million or approximately 29.5% from approximately RMB121.8 million for the year ended December 31, 2023 to approximately RMB85.9 million for the year ended December 31, 2024. Gross profit margin decreased from approximately 78.4% for the year ended December 31, 2023 to approximately 56.5% for the year ended December 31, 2024. The decrease in gross profit margin was due to the Group's active implementation of the structural profit quality upgrading strategy, in order to focus on the long-term value track and achieve the deep binding of strategic customers. At the same time, the pre-investment of the technology AI platform led to a decrease in gross profit margin.

Other income and gains

Other income and gains of the Group increased by approximately RMB0.2 million or approximately 1.1% from approximately RMB19.1 million for the year ended December 31, 2023 to approximately RMB19.3 million for the year ended December 31, 2024 which is mainly comprised of (i) foreign exchange gains, net of approximately RMB3.7 million which represents the exchange gain on the Group's foreign currency deposits due to appreciation of the US dollar; (ii) interest income of approximately RMB13.0 million which represents interest income from time deposits due to the rise in US dollar interest rates; (iii) government grant of approximately RMB0.4 million due to the cultural industry development guidance subsidy from the Publicity Department and other government subsidies; (iv) fair value gains of approximately RMB2.0 million; and (v) others of approximately RMB0.2 million which represents individual income tax refund.

Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB61.7 million, representing an increase of approximately RMB2.3 million, or approximately 3.9%, from approximately RMB59.4 million for the year ended December 31, 2023, mainly due to the upgrading of the Group's strategic marketing system, the promotion and marketing expenses of online advertising services increased.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to approximately RMB23.9 million, representing a decrease of approximately RMB2.0 million, or approximately 7.7%, from approximately RMB25.9 million for the year ended December 31, 2023, mainly due to the streamlining and optimization of the Company's organizational structure.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to approximately RMB11.9 million, representing an increase of approximately RMB0.8 million or approximately 7.5% from approximately RMB11.0 million for the year ended December 31, 2023, mainly due to the Company's increased investment in AI business research and development and the iterative upgrade of existing technology products.

(Impairment losses)/reversal of impairment losses on financial and contract assets

During the Reporting Period, the Group's impairment losses on trade receivables and contract assets credit amounted to approximately RMB4.0 million, representing a decrease of approximately 179% (reversal of impairment losses on financial and contract assets for the year ended December 31, 2023: approximately RMB5.0 million). The decrease was mainly due to the increase in the balance of long-aged accounts receivable in the current year compared to the previous year, resulting in an increase in the provision of bad debts.

Finance costs

During the Reporting Period, the Group's finance costs were approximately RMB0.2 million (for the year ended December 31, 2023: RMB0.2 million).

Other expenses

During the Reporting Period, the Group recorded other expenses amounting to approximately RMB0 (less than RMB0.1 million) (for the year ended December 31, 2023: RMB6.7 million), representing a decrease of approximately RMB6.7 million or approximately 99.0% for the year ended December 31, 2023, mainly representing the increase in the fair value of the invested funds.

Income Tax expense

During the Reporting Period, the Group's income tax expense amounted to approximately RMB1.1 million (income tax expense for the year ended December 31, 2023: approximately RMB1.1 million).

Profit for the year

During the Reporting Period, profit for the year was approximately RMB2.3 million (for the year ended December 31, 2023: approximately RMB41.4 million) representing a decrease of approximately RMB39.1 million, or 94.4% as compared with the year ended December 31, 2023 due to the focus on platform technology upgrading and ecological restructuring during the Group's strategic transformation period, short-term investment surged, increased the research and development of self-developed AI platform and virtual interaction technology, deepened the construction of short video, live broadcast and other content matrix, and optimized user experience. Although short-term profitability is under pressure, in the long run, advertising conversion efficiency can be improved and user decision-making links shortened, and energy can be stored to seize the intelligent circuit and consolidate the leadership position in the vertical field.

Other Financial Information (Non-IFRSs measures): Adjusted net profit

To supplement the Group's consolidated results which are prepared and presented in accordance with IFRSs, the Company utilized non-IFRSs adjusted net profit ("**Adjusted Net Profit**") as an additional financial measure. Adjusted Net Profit is defined as profit for the year, as adjusted by adding back share-based compensation expenses which represent the expense on Post-IPO RSU Scheme.

Adjusted Net Profit is not required by, or presented in accordance with, IFRSs. The Company believes that the presentation of non-IFRSs measures when shown in conjunction with the corresponding IFRSs measures provides useful information to investors and management regarding financial and business trends in relation to their financial condition and results of operations, by eliminating any potential impact of items that the Group's management does not consider to be indicative of the Group's operating performance. The Company also believes that the non-IFRSs measures are appropriate for evaluating the Group's operating performance. However, the use of this particular non-IFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, the Group's results of operations or financial conditions as reported under IFRSs. In addition, this non-IFRSs financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group's non-IFRSs measures for the years ended December 31, 2024 and 2023 to the nearest measures prepared in accordance with IFRSs.

	For the year ended December 31,				
	2024	% of total revenue	2023	% of total revenue	year-on-year % change
	RMB'000	%	RMB'000	%	%
Profit for the year	**2,314**	**1.5**	41,407	26.7	(94.4)
Add back:					
Share-based compensation expenses	**–**	**–**	6	0.0	(100)
Non-IFRSs measure adjusted net profit	**2,314**	**1.5**	41,413	26.7	(94.4)

Liquidity and financial resources and capital structure

As at December 31, 2024, the Group had current assets of approximately RMB556.1 million (December 31, 2023: approximately RMB554.6 million), representing an increase of approximately RMB1.5 million or 0.3%, mainly due to the increase of prepayments.

The Group had current liabilities of approximately RMB84.2 million as at December 31, 2024 (December 31, 2023: approximately RMB75.5 million), representing an increase of approximately RMB8.7 million or 11.4%, mainly due to increase of cost of sales resulting in increase of trade and bills payables. The current ratio was 6.6 at December 31, 2024 as compared with 7.3 at December 31, 2023.

As of December 31, 2024, the Group's cash and cash equivalents amounted to approximately RMB209.1 million which is mainly funded from the net cash flows generated from operating activities (e.g. collection of accounts receivables). As at December 31, 2024, the Group did not have bank borrowings (December 31, 2023: Nil). The Group's gearing ratio (gearing ratio is defined as the ratio of total liabilities to total equity) is 16.6% (December 31, 2023: 14.6%). The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs.

There has been no change in the capital structure of the Company as at December 31, 2024. The capital of the Company comprises ordinary shares.

Capital expenditure

The Group's capital expenditures mainly included property, plant and equipment and intangible assets. Capital expenditures for the year ended December 31, 2024 and 2023 are set out below:

	As at December 31,	
	2024	2023
	RMB'000	RMB'000
Property, plant and equipment	**1,243**	3,378
Intangible assets	**–**	61

Exposure to Fluctuations in Foreign Exchange Rates

The Group's business operations are mainly conducted in the PRC with most of the transactions settled in RMB, being the Group's functional currency. The Board considers that the Group's business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities.

During the Reporting Period, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies. Substantial amounts of the Group's cash and cash equivalent are held in major financial institutions located in the PRC. The Group seeks to maintain strict control over its outstanding receivables and the senior management of the Company reviews and assesses the creditworthiness of the Group's existing customers on an ongoing basis. To manage liquidity risk, the Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations. Cash and cash equivalents of the Group are mainly denominated in RMB.

Pledge of Assets

As of December 31, 2024, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (December 31, 2023: Nil).

Significant Investment, Material Acquisitions and Disposals of Subsidiaries and Capital Assets and Other Material Event During the Reporting Period

The financial assets that we invested mainly include investments in unlisted investment funds and wealth management products. The Board confirmed that the transactions in these financial assets whether on a standalone or on an aggregate basis during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

On October 13, 2021, Changxing Weinet Congyue Equity Investment Partnership (L.P.)* (長興微網樅躍股權投資合夥企業(有限合夥)) ("**Weinet Fund**") (as limited partner), Wang Yuanshu (a natural person as limited partner) and Gongqingcheng Taoyuan Investment Management Co., Ltd.* (共青城韜遠投資管理有限公司) (now known as Shanghai Xintong Boda Private Equity Fund Management Co., Ltd.* (上海新瞳博達私募基金管理有限公司)) ("**Taoyuan Investment**") (as general partner) entered into a partnership agreement in respect of Gongqingcheng Ruibo Equity Investment Partnership (L.P.)* (共青城鋭博股權投資合夥企業(有限合夥)) (the "**Ruibo Fund**"), pursuant to which Weinet Fund agreed to subscribe for the limited partnership interests in the Ruibo Fund, for a capital commitment of RMB30 million, representing 59.99% of the registered capital of the Ruibo Fund as of December 31, 2024. Such fund is managed by Taoyuan Investment with a view to make equity or quasi-equity investment into private equity projects.

For details, please refer to the announcements of the Company dated May 12, 2021, October 13, 2021 and November 16, 2021.

For the year ended December 31, 2024, the Group had the following significant investment:

	Percentage of interest held		Investment costs		Gain recognized in other income and gains	Fair value	
	As of December 31, 2024	As of December 31, 2023	As of December 31, 2024	As of December 31, 2023		As of December 31, 2024	As of December 31, 2023
	%	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ruibo Fund	**58.79**	58.79	**30,000**	30,000	573	**25,571**	24,998

As of December 31, 2024, the percentage to total assets value of the Company remained unchanged at approximately 4%.

Save as disclosed above, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures, during the Reporting Period. Apart from those disclosed in this annual report, there was no plan authorized by the Board for other material investments or addition of capital assets at the date of this annual report.

Contingent Liabilities

As of December 31, 2024, the Group did not have any material contingent liabilities (2023: Nil).

Employees and Remuneration Policies

As of December 31, 2024, we had 81 full-time employees, most of whom were based in China. As of December 31, 2024, the Group's employee benefit and expenses amounted to approximately RMB47.0 million (including salary, wages, and bonuses, pension costs and other social security costs, housing benefits, other employee benefits and share-based compensation). The number of employees employed by the Group may change from time to time as required and employee emoluments are determined with reference to market conditions and the performance, qualifications and experience of individual employees.

We have established effective employee performance evaluations system and employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to the business operation results, and have established a merit-based remuneration awards system. On September 30, 2021, the Company adopted the Post-IPO RSU Scheme, pursuant to which a scheme custodian will purchase Shares out of a contributed amount settled or contributed by the Company and such Shares will be held on trust in accordance with the term of the Post-IPO RSU Scheme. The purpose of the Post-IPO RSU Scheme is to drive performance within the Group by focusing on core key performance indicators that align with the Group's overall performance, to engage, attract and retain skilled and experienced personnel, and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. For details, please refer to the announcement of the Company dated September 30, 2021. In addition, the Company had adopted a Pre-IPO RSU Scheme and a SA Scheme on June 25, 2019. Employees are promoted not only in terms of position and seniority, but also in terms of professional qualifications.

Directors and Senior Management

Below are the brief profiles of our current Directors and senior management.

The Board currently comprises seven Directors, of which four are executive Directors and three are independent non-executive Directors.

DIRECTORS

Executive Directors

Mr. Xu Chong (徐翀), aged 42, is the co-founder, an executive Director, the Chairman and the chief executive officer of the Company. Mr. Xu is primarily responsible for formulating strategy, planning, business development and supervising the overall management of the Group.

Prior to joining our Group, he worked at various companies that operated Cheshi.com, including Beijing Tianxindao Technology Development Co., Ltd. (北京天信道科技發展有限公司) ("**Beijing Tianxindao**"), the initial operator of Cheshi.com, as its editor-in-chief between July 2003 and June 2006, Beijing Tianxinyi Technology Development Co., Ltd. (北京天信易科技發展有限公司) ("**Beijing Tianxinyi**") as its editor-in-chief between July 2006 and January 2008, Beijing Zhide Diankang Electronic Commerce Co., Ltd. (北京智德典康電子商務有限公司) ("**Zhide Diankang**") as editor-in-chief between February 2008 and January 2009 and CNet (Beijing) Information Technology Co., Ltd. (塞納德(北京)信息技術有限公司) as editor-in-chief from February 2009 to January 2012. Mr. Xu founded Netcom Agency in January 2012 and served as its executive director from January 2012 to October 2017. Mr. Xu founded our Group on September 28, 2015. He is a director, chief executive officer and general manager of the Company.

Mr. Xu graduated from the Advanced Technical Institute of the Northern Jiaotong University (北方交通大學) (currently known as Beijing Jiaotong University (北京交通大學)) in the PRC in July 2003 and he completed a part-time program and obtained a postgraduate diploma in integrated marketing communications in October 2007 from the School of Professional and Continuing Education of The University of Hong Kong in Hong Kong. In June 2024, Mr. Xu obtained a master's degree in Business Administration from Tsinghua University.

Mr. Liu Lei (劉磊), aged 51, is an executive Director and president of the Company. He is primarily responsible for formulating marketing strategy and business development of our Group, and he currently supervises the daily business operations of our Group.

Prior to joining our Group in 2015, Mr. Liu served as a sales representative of Taiwan Supao Beverage Co., Ltd. (台灣舒跑飲料有限公司) between July 1995 and July 1998. He then served as a deputy general manager of Hong Kong Communications Co., Ltd. (香港通訊有限公司) between August 1998 and September 2002. Mr. Liu was the automotive channel director of Guangzhou Interactive Information Network Co., Ltd. (廣州市交互式信息網絡有限公司) between September 2002 and September 2005. He served as the sales director of Century Dragon Information Network Co., Ltd. (世紀龍信息網絡有限責任公司) between October 2005 and May 2009. Mr. Liu served as the senior director of Shanghai Tudou Network Technology Co., Ltd. (上海全土豆網絡科技有限公司) between May 2009 and September 2012. He later served as the vice president of sales of Netcom Agency between October 2012 and October 2015.

Mr. Liu graduated from Anda Technical Institute (安達技工學校) in Heilongjiang Province in July 1995. He graduated from Central China Normal University (華中師範大學) with a major in business administration in July 2022, and graduated from Shanghai Open University (上海開放大學) with a major in administrative management in March 2025.

Mr. Lin Yuqi (林渝奇), aged 38, is an executive Director and chief technological officer of the Group. He is primarily responsible for leading our research and development team.

Mr. Lin has over 14 years of experience in the Internet industry. Before joining our Group in 2016, Mr. Lin began his career as an engineer in CNet (Beijing) Information Technology Co., Ltd. (塞納德(北京)科技有限公司) from 2010 to 2012. He then joined Juzhong Netcom (Beijing) Technology Co., Ltd. (聚眾網通(北京)科技有限公司) in 2012 and served as director of the technology department until 2016.

Mr. Lin graduated from the Beijing Science, Technology and Management College in computer networking in August 2009.

Ms. Zhang Nan (張男), aged 47, is an executive Director and the general manager of the back-office support center of the Group. She is primarily responsible for managing the finance, administration, and human resources departments.

Ms. Zhang has 26 years of experience in finance. Before joining the Group in 2020, Ms. Zhang worked at Peking University Third Hospital* (北京大學第三醫院) from 2001 to 2007, where she served as the financial accounting supervisor. From 2007 to 2012, she served as the financial manager at Beijing Tiantaihengrun Property Management Co., Ltd.* (北京天泰恒潤物業管理有限公司). From 2012 to 2019, she served as the finance director at Juzhong Wangtong (Beijing) Technology Co., Ltd.* (聚眾網通(北京)科技有限公司).

Ms. Zhang graduated with a major in accounting computerization from Beijing Science Technology and Management College in July 2001.

Independent Non-executive Directors

Mr. Xu Xiangyang (徐向陽), aged 59, is an independent non-executive Director since December 2020. Mr. Xu Xiangyang is responsible for providing independent advice to our Board.

Mr. Xu Xiangyang has over 33 years of experience in the automotive engineering industry. He worked at Harbin Institute of Technology (哈爾濱工業大學) between June 1990 and September 2002, and his last position was a professor and the head of the science and technology department of Harbin Institute of Technology (Weihai) (哈爾濱工業大學(威海)). Mr. Xu Xiangyang has been a professor of Beihang University (北京航空航天大學) since September 2002, and is currently the professor of its automotive engineering department of the school of transportation science and engineering. In April 2013, Mr. Xu Xiangyang was appointed as an executive deputy director of the National Automatic Transmission Engineering Technology Research Center for Passenger Vehicles (國家乘用車自動變速器工程技術研究中心) and in September 2013, Mr. Xu Xiangyang was named as a "Taishan Scholars Distinguished Expert" (泰山學者特聘專家) by the People's Government of Shandong Province (山東省人民政府). One of Mr. Xu's projects was awarded "First Class National Science and Technology Progress Award" (國家科學技術進步一等獎) in December 2016 by the State Council of the PRC (中華人民共和國國務院). Mr. Xu Xiangyang was also awarded the "National Innovative Progress Award" (全國創新爭先獎狀) in May 2017 granted jointly by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部), the China Association for Science and Technology (中國科學技術協會), the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部) and the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). In April 2018, he was awarded the "2017 Beijing Higher Education Teaching Achievement Award (Second Class)" (2017 年北京市高等教育教學成果獎二等獎) granted by the People's Government of Beijing Municipality (北京市人民政府). Since December 2019 to December 2022, Mr. Xu has been appointed as an independent director of Shanghai Sinotec Co., Ltd. (上海華培動力科技(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603121). Since March 2021, Mr. Xu has been appointed an independent non-executive director of BAIC Motor Corporation Limited (北京汽車股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 1958). Since December 2021, Mr. Xu has been serving as an independent non-executive director of Zhejiang Zomax Transmission Co., Ltd. (浙江中馬傳動股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603767).

Mr. Xu Xiangyang obtained his bachelor's degree and master's degree in engineering majoring in vehicle engineering from Beijing Institute of Technology (北京理工大學) (formerly known as Beijing Industrial Institute (北京工業學院)) in the PRC in July 1987 and March 1990, respectively. He obtained his doctorate degree in mechanical electronic engineering from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in December 1999.

Mr. Sun Yong (孫勇), aged 56, is an independent non-executive Director since March 2024. Mr. Sun Yong is responsible for providing independent advice to our Board. He serves as a director of Zhongde Nuohao (Beijing) Education Technology Co., Ltd and Dean of Zhongde Nuohao Automotive Education Institute. Concurrently, he is an expert at the China Automobile Dealers Association, and an expert at the China Auto Dealers Chamber of Commerce. He is also an independent director of Avatr Technology (Chongqing) Co., Ltd.

Mr. Sun has over 31 years of experience in the automotive industry from 1994. Among that, he has 12 years of experience working in automotive news editing, serving as director of the editorial department of Auto Weekly of Economic Information Daily, under Xinhua News Agency, and deputy chief editor of China Automotive News under People's Daily. In addition, Mr. Sun has 11 years of experience working in car companies, where he held positions including the member of the management committee and general manager of sales at Chery Automobile Co., Ltd, deputy general manager and general manager of the business department at Nanjing Fiat Automobile Co., Ltd, and director and deputy general manager at Sinomach Automobile Co., Ltd. Apart from his automotive news editing and car company experience, Mr. Sun also has 10 years of experience in automotive education and training, and served as the president and chief executive officer of Zhongde Nuohao (Beijing) Education Technology Co., Ltd. During that time, he also served as an independent director of Chongqing Changan New Energy Technology Co., Ltd (now renamed as Deepal Technology Co., Ltd).

Mr. Sun obtained his bachelor's degree in law from School of Government Peking University (北京大學政府管理學院) and a master's degree in business administration from Guanghua School of Management Peking University (北京大學光華管理學院) in the PRC in July 1990 and July 2007, respectively.

Mr. Ng Jack Ho Wan (吳浩雲) (alias Ng Jacky) (formerly known as Ng Ho Wan), aged 48, is an independent non-executive Director since December 2020. Mr. Ng Jack Ho Wan is responsible for providing independent advice to our Board.

Mr. Ng has over 27 years of experience in accounting, auditing, asset management and fund management. He worked in PricewaterhouseCoopers LLP in Canada as senior associate from September 1997 to February 2001. Mr. Ng then worked in KPMG in Hong Kong from March 2001 to October 2012 and was a partner in KPMG in Hong Kong from July 2008 to October 2012. Mr. Ng has been the managing director of Jack H.W. Ng CPA Limited since June 2013. Mr. Ng has been appointed as an independent non-executive director of HM International Holdings Limited, a company listed on the GEM Board of the Stock Exchange (stock code: 08416) with effect from December 15, 2016. Mr. Ng has been appointed as an independent non-executive director of Shenzhen Dobot Corp Ltd (a company listed on the Stock Exchange, stock code: 02432) with effect from May 1, 2024. Mr. Ng served as an independent non-executive director of Zhejiang Cangnan Instrument Group Company Limited, a company listed on the Stock Exchange (stock code: 01743) from June 2018 to July 2021.

Mr. Ng graduated from Simon Fraser University in Canada with a bachelor's degree in business administration in May 2000. Mr. Ng has been a fellow of the Hong Kong Institute of Certified Public Accountants since May 2010 and also a chartered accountant in British Columbia, Canada since February 2001. Mr. Ng was granted the designation of financial risk manager by the Global Association of Risk Professionals and certified as an information systems auditor by ISACA in November 2004 and January 2007, respectively. In September 2007, Mr. Ng was certified as chartered financial analyst by the Chartered Financial Analyst Institute. Mr. Ng was awarded with a specialist certificate in asset management by the Hong Kong Securities and Investment Institute (previously known as the Hong Kong Securities Institute) in February 2005.

Save as disclosed above, none of the above Directors held any other directorships in any listed public companies in the past three years.

SENIOR MANAGEMENT

Mr. Xu Chong (徐翀) is our executive Director, the Chairman and the chief executive officer of the Company. See "－Executive Director" for Mr. Xu Chong's biography.

Mr. Liu Lei (劉磊), is our executive Director and president of the Company. See "－Executive Director" for Mr. Liu Lei's biography.

Mr. Lin Yuqi (林渝奇), is our executive Director and chief technological officer of the Group. See "－Executive Director" for Mr. Lin Yuqi's biography.

Ms. Zhang Nan (張男), is our executive Director and general manager of the back-office support center of the Group. See "－Executive Director" for Ms. Zhang Nan's biography.

Company Secretary

Ms. Leung Shui Bing (梁瑞冰), is the company secretary for the Company. Ms. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). She has over 20 years of experience in the company secretarial field. Ms. Leung obtained a bachelor's degree in Business and Management Studies (Accounting and Finance) from University of Bradford in the United Kingdom, and a master's degree in Corporate Governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). She is a Chartered Secretary, a Chartered Governance Professional and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CHANGES IN DIRECTORS

Changes in Directors

- With effect from December 6, 2024, Ms. Zhang Nan (張男) has been appointed as an executive Director.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group operates online automobile vertical media platforms in China that offer comprehensive and high-quality automobile content and one-stop marketing solutions. The automobile content is produced by their in-house content team and distributed across their proprietary, comprising our PC websites, mobile websites and mobile applications, and over 1,000 business partner platforms. Analysis of the principal activities of the Group during the year ended December 31, 2024 is set out in the note 1 to the consolidated financial statements of this annual report. An analysis of the Group's revenue and operating profit for the year ended December 31, 2024 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated financial statements on pages 67 to 74 of this annual report.

FINAL DIVIDEND

The Company did not recommend any payment of dividends for the year ended December 31, 2024 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, May 19, 2025 to Thursday, May 22, 2025 both days inclusive, in order to determine the identity of the shareholders of the Company who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Friday, May 16, 2025.

BUSINESS REVIEW

The business review and performance analysis of the Group for the year ended December 31, 2024 is set out in the section headed "Chairman's Statement" from pages 5 to 8 and "Management Discussion and Analysis" from pages 9 to 15 of this annual report. A description of the Group's future business development is set out in the section headed "Chairman's Statement" from pages 5 to 8 of this annual report.

Compliance with Laws and Regulations

The Group is subject to various PRC laws and regulations in relation to its business operations in the PRC, including, without limitation, in the aspects of value-added telecommunication services, regulations on advertising, regulations on radio and television programs, regulations on transmission of audio-visual programs and regulations on internet information security and privacy protection.

For the year ended December 31, 2024, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Environmental Policies and Performance

The Group understands the importance of environmental protection. There was no non-compliance with relevant laws and regulations in terms of business, including health and safety, factory conditions, employment and environment. The Group has implemented environmental protection measures and has encouraged employees to pay attention to environmental protection at work and consume electricity and paper according to actual needs to reduce energy consumption and minimize unnecessary waste.

Principal Risks and Uncertainties

We face various risks involved in our daily business operations, including risks that are specific to the online automobile advertising industry and the trends and development of the automobile industry and regulatory landscape in the PRC. For more details on our principal risks, please refer to the sections headed "Risk Factors" in the Prospectus.

FINANCIAL SUMMARY FOR THE PAST FIVE YEARS

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2024, revenue from the Group's five largest customers contributed approximately 46.0% (2023: 39.7%) of the Group's total revenue while our largest customer contributed approximately 21.4% (2023: 11.7%) of the Group's total revenue during the year.

Major Suppliers

For the year ended December 31, 2024, purchases from our five largest suppliers contributed less than 29% of the Group's total cost of procurement.

For the year ended December 31, 2024, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate its employees. The Company has established effective employee performance evaluations system and employee incentive schemes to correlate the remuneration of the Group's employees with their overall performance and contribution to the business operation results, and have established a merit-based remuneration awards system.

The Group also understands that it is important to maintain good relationship with its customers and suppliers to fulfil its immediate and long-term goals. To maintain its competitiveness, the Group aims at delivering quality services to its customers. During the year, there was no material and significant dispute between the Group and its customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended December 31, 2024 are set out in note 31 to the consolidated financial statements of this annual report.

RESERVES

Details of the movements in the reserves of the Company and the for the year ended December 31, 2024 are set out in note 33 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2024, the Company's reserves available for distribution, is approximately RMB387 million (as at December 31, 2023: RMB375 million).

TAXATION

Tax position of the Company during the year ended December 31, 2024 is set forth in note 10 to the consolidated financial statements of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

BANK LOANS

As at December 31, 2024, the Group did not have any bank borrowings (December 31, 2023: Nil).

DIRECTORS

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

Executive Directors:
Mr. Xu Chong *(Chairman and chief executive officer)*
Mr. Liu Lei
Mr. Lin Yuqi
Ms. Zhang Nan *(appointed with effect from December 6, 2024)*

Independent Non-executive Directors:
Mr. Xu Xiangyang
Mr. Li Ming *(retired with effect from March 26, 2024)*
Mr. Ng Jack Ho Wan
Mr. Sun Yong *(appointed with effect from March 26, 2024)*

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first annual general meeting of the Company following his appointment and shall then be eligible for re-election at such meeting; and (ii) as an addition to the Board shall hold office until the first annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, Mr. Liu Lei, Mr. Lin Yuqi and Mr. Ng Jack Ho Wan shall retire by rotation, and being eligible, have offered themselves for re-election at the forthcoming AGM. Ms. Zhang Nan shall hold office only until the forthcoming AGM, and being eligible, has offered herself for re-election at the forthcoming AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 16 to 20 of this annual report.

CHANGES TO DIRECTORS' INFORMATION

With effect from December 6, 2024, Ms. Zhang Nan is appointed as an executive Director. Ms. Zhang Nan has obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules, and has confirmed that she understood her obligations as a director of a listed issuer, on December 5, 2024.

Save as disclosed herein, there is no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the interim report of the Company for the six month ended June 30, 2024.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the year ended December 31, 2024.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Each of Mr. Xu and Mr. Liu Lei, the executive Directors, has entered into a service contract with the Company for a term of three years commencing from January 15, 2024 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Mr. Lin Yuqi, an executive Director, has entered into a service contract with the Company for a term of three years commencing from March 29, 2024 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Ms. Zhang Nan, an executive Director, has entered into a service contract with the Company for a term of three years commencing from December 6, 2024 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Each of the independent non-executive Directors, namely, Mr. Xu Xiangyang, and Mr. Ng Jack Ho Wan, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and shall be automatically renewed thereafter unless terminated by either party by giving at least three months prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Mr. Sun Yong, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing from March 26, 2024 and shall be automatically renewed thereafter unless terminated by either party by giving at least three months prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed herein, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries or Consolidated Affiliated Entities and controlling shareholder or any of its subsidiaries was a party during the year ended December 31, 2024.

COMPETING BUSINESS

As far as the Company is aware, none of the Directors had any interests in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, during the year ended December 31, 2024.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters and the Contractual Arrangements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended December 31, 2024.

EMOLUMENT POLICY

A remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. The Group regularly reviews its compensation and benefit polices to ensure that the remuneration package offered remains competitive and in line with referent labour regulations.

Details of the emoluments of the Directors, and the five highest paid individuals for the year ended December 31, 2024 are set out in note 9 to the consolidated financial statements of this annual report. There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended December 31, 2024 and 2023.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

The Group's employees in Hong Kong have all participated in the Mandatory Provident Fund (the "**MPF**") in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries in accordance with the rules of the MPF. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries and Consolidated Affiliated Entities are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilised by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the state-sponsored retirement plan or MPF Scheme.

Details of our contribution schemes and retirement benefit plans are set out in Notes 2.4 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

(i) Interests in the Shares and underlying Shares

Name of Director/Chief executive	Capacity/Nature of Interest	Number of Shares held/interested[1]	Approximate percentage of shareholding[2]
Directors			
Mr. Xu[3]	Interest in controlled corporation	802,500,000 (L)	65.0%
Mr. Liu Lei	Beneficial interest[4]	5,000,000 (L)	0.4%
Mr. Lin Yuqi	Beneficial interest[4]	2,500,000 (L)	0.2%

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.

2. There were 1,234,600,000 Shares in issue as at December 31, 2024.

3. Mr. Xu beneficially owns 100% of the issued shares of Cheshi Holdings. Mr. Xu is deemed, or taken to be, interested in 802,500,000 Shares held by Cheshi Holdings for the purpose of the SFO.

4. Mr. Liu Lei and Mr. Lin Yuqi were granted restricted share awards under the SA Scheme. They are deemed to be interested in the issued share capital of our Company for the restricted share awards that have been granted to them pursuant to Part XV of the SFO.

(ii) Interests in the shares of the associated corporation

Name of Director	Associated corporation	Capacity/Nature of Interest	Approximate amount of contribution to registered capital/ no. of share held	Approximate percentage of shareholding in the associated corporation
Mr. Xu	Congshu Beijing	Nominee shareholder whose shareholders' rights are subject to contractual arrangements	RMB35,750,000	95.0%
	Cheshi Holdings	Beneficial Owner	1 share	100.0%

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them. Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the year ended December 31, 2024.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2024, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested(1)	Approximate percentage of shareholding(2)
Cheshi Holdings(3)	Beneficial owner	802,500,000 (L)	65.0%
Ms. Ma Yuanyuan(4)	Interest of spouse	802,500,000 (L)	65.0%
The Core Trust Company Limited(5)	Trustee of a trust	80,000,000 (L)	6.5%
TCT (BVI) Limited(5)	Nominee for another person	80,000,000 (L)	6.5%

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.

2. There were 1,234,600,000 Shares in issue as at December 31, 2024.

3. Mr. Xu beneficially owns 100% of the issued shares of Cheshi Holdings. Mr. Xu is deemed, or taken to be, interested in 802,500,000 Shares held by Cheshi Holdings for the purpose of the SFO.

4. Ms. Ma Yuanyuan is spouse of Mr. Xu. Ms. Ma Yuanyuan is deemed to be interested in all the Shares that Mr. Xu is interested in pursuant to the SFO.

5. The Core Trust Company Limited, as a trustee, initially holds 80,000,000 shares in aggregate on trust under the SA Scheme and the RSU Scheme through SA Nominee and RSU Nominee. Each of the SA Nominee and RSU Nominee is directly wholly-owned by TCT (BVI) Limited, which is in turn indirect wholly-owned by The Core Trust Company Limited.

Save as disclosed above, as at December 31, 2024, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

EMPLOYEE INCENTIVE SCHEMES

Pre-IPO RSU Scheme

The following is a summary of the principal terms of the Pre-IPO RSU Scheme approved and adopted by a resolution of our Shareholders on June 25, 2019. The Pre-IPO RSU Scheme is subject to the provisions of Chapter 17 of the Listing Rules.

1. Purpose of the Pre-IPO RSU Scheme

The purpose of the Pre-IPO RSU Scheme is to incentivise Directors, senior management and employees for their contribution to our Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of our Group by providing them with the opportunity to own equity interests in our Company.

2. Pre-IPO RSUs

A Pre-IPO RSU gives a person who is eligible to participate in the Pre-IPO RSU Scheme and selected by the Board a conditional right when the Pre-IPO RSU vests to obtain Shares, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each Pre-IPO RSU represents one underlying Share. A Pre-IPO RSU may include, if so specified by our Board in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares.

3. Participants in the Pre-IPO RSU Scheme

Persons eligible to receive Pre-IPO RSUs under the Pre-IPO RSU Scheme are existing employees, Directors (whether executive or non-executive), officers, consultants and service providers of our Company or any member of our Group (the "**Pre-IPO RSU Eligible Persons**"). Our Board selects the Pre-IPO RSU Eligible Persons to receive Pre-IPO RSUs under the Pre-IPO RSU Scheme on the basis of their contribution to the development and growth of our Group or such other factors as our Board may deem appropriate at its discretion.

4. Maximum number of Shares that may be granted under the Pre-IPO RSU Scheme

The maximum number of Pre-IPO RSUs that may be granted under the Pre-IPO RSU Scheme in aggregate (excluding Pre-IPO RSUs that have lapsed or been canceled in accordance with the rules of the Pre-IPO RSU Scheme) shall be such number of Shares held or to be held by the an independent scheme custodian (the "**Scheme Custodian**") for the purpose of the Pre-IPO RSU Scheme from time to time, but provided that the total number of Shares that may be allotted or issued to the Scheme Custodian by our Company under the Pre-IPO RSU Scheme shall be no more than 20,000,000 Shares, representing approximately 2.00% of the share capital of our Company as of the date of adoption of the Pre-IPO RSU Scheme. The total number of Shares subject to the Pre-IPO RSU Scheme may be adjusted upon the occurrence of any alteration in the capital structure of our Company.

5. Grant and Acceptance

An offer to grant a Pre-IPO RSU will be made to a Pre-IPO RSU Eligible Person selected by our Board (the "**Pre-IPO RSU Selected Participant**") by a letter, in such form as our Board may determine (the "**Pre-IPO RSU Grant Letter**"). The Pre-IPO RSU Grant Letter will specify the Pre-IPO RSU Selected Participant's name, the manner of acceptance of the Pre-IPO RSU, the number of Pre-IPO RSUs granted and the number of underlying Shares represented by the Pre-IPO RSUs, the vesting criteria and conditions, the vesting schedule, the exercise price of the Pre-IPO RSUs (where applicable) and such other details as our Board considers necessary and are not inconsistent with the Pre-IPO RSU Scheme, and will require the Pre-IPO RSU Selected Participant to undertake to hold the Pre-IPO RSU on the terms on which it is granted and to be bound by the provisions of the Pre-IPO RSU Scheme.

A Pre-IPO RSU Selected Participant may accept an offer of the grant of Pre-IPO RSUs in such manner as set out in the Pre-IPO RSU Grant Letter. Once accepted, the Pre-IPO RSUs are deemed granted from the date of the Pre-IPO RSU Grant Letter.

6. Vesting of Pre-IPO RSUs

Our Board can determine the vesting criteria, conditions and the time schedule when the Pre-IPO RSUs will vest and such criteria, conditions and time schedule shall be stated in the Pre-IPO RSU Grant Letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, our Board will send a vesting notice (the "**Pre-IPO RSU Scheme Vesting Notice**") to each of the relevant Pre-IPO RSU Selected Participants. The Pre-IPO RSU Scheme Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

7. Exercise of Pre-IPO RSUs

Pre-IPO RSUs held by a Pre-IPO RSU Selected Participant that are vested as evidenced by the Pre-IPO RSU Scheme Vesting Notice may be exercised (in whole or in part) by the Pre-IPO RSU Selected Participant serving an exercise notice in writing on the Scheme Custodian and copied to our Company. Any exercise of Pre-IPO RSUs must be in respect of board lots of 4,000 Shares each or an integral multiple thereof (except where the number of Pre-IPO RSUs which remains unexercised is less than one board lot).

The Pre-IPO RSU Selected Participant shall serve the exercise notice within three months after receiving the Pre-IPO RSU Scheme Vesting Notice. The Scheme Custodian will not be bound to hold the Shares underlying the Pre-IPO RSUs vested for the Pre-IPO RSU Participant after this three (3) months period. If the exercise notice is not served during this three (3) months period or the Shares underlying the Pre-IPO RSUs exercised cannot be transferred to the Pre-IPO RSU Selected Participant due to the Pre-IPO RSU Selected Participant not being able to provide sufficient information to effect the transfer (the "**Unclaimed Shares**"), the Pre-IPO RSUs vested or exercised (as the case may be) shall lapse unless otherwise agreed by our Board at its absolute discretion and in this case, our Board shall at its sole discretion either direct the Scheme Custodian to continue to hold the all or part of the Unclaimed Shares or to dispose of any or all of such Unclaimed Shares in a manner as our Board sees fit.

8. Term of the Pre-IPO RSU Scheme

The Pre-IPO RSU Scheme will be valid and effective for a period of ten (10) years, commencing from its adoption date, being June 25, 2019 (unless it is terminated earlier in accordance with its terms). The remaining life of the Pre-IPO RSU Scheme is approximately 4 years.

Details of the Pre-IPO RSUs granted under the Pre-IPO RSU Scheme and their movements during Reporting Period are set out below:

		Number of Pre-IPO RSUs									
Category of Pre-IPO RSUs grantee	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Returned during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024	Vesting date	Exercise price per Share (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Employees											
In aggregate	January 14, 2021	860,000	–	–	355,000	150,000	355,000	–	–	–	–

SA Scheme

The following is a summary of the principal terms of the rules of the SA Scheme (the "**SA Scheme Rules**") adopted by a resolution of our Shareholders on June 25, 2019. The SA Scheme is subject to the provisions of Chapter 17 of the Listing Rules.

1. Purpose and participants of the SA Scheme

The purpose of the SA Scheme is to (i) to recognise and motivate the contribution of key management personnel and core employees of the Group, (ii) to help the Group retain and attract the grantees of the Share Awards (the "**SA Selected Participants**"), who are directors (whether executive or non-executive), senior managers or consultants of the Company or any member of the Group (the "**SA Eligible Participants**"), in attaining the long term business objectives of the Company, and (iii) to further align the interests of the SA Selected Participants directly to the shareholders of the Company through ownership of Shares.

The Board selects the SA Eligible Participants to receive Share Awards under the SA Scheme.

2. Maximum number of Share Awards

The Company shall not make any grant of Share Award which would result in the aggregate number of the Shares underlying all grants made pursuant to the SA Scheme to exceed 80,000,000 Shares without approval by a Board resolution.

3. Grant of Share Awards

The Company shall issue a letter or notice to each SA Selected Participant in such form as our Board may determine (the "**SA Grant Letter**"). The SA Grant Letter will specify the SA Selected Participant's name, the manner of acceptance of the Share Award(s), the last day for acceptance by the SA Selected Participant, the number of Shares underlying the Share Award, the grant price for acceptance for the Shares in acceptance of the Share Award(s), and the date on which the Share Award is unlocked. The Board will also determine in the SA Grant Letter any time-based, performance-based or any other restrictions and other criteria and conditions (collectively, the "**SA Unlock Restrictions**") and the time period and scheme (the "**SA Restricted Period**") that will need to be satisfied before the Share Award unlocks, and the SA Unlock Restrictions and the SA Restricted Period shall be stated in the letter for the SA Grant Letter.

A SA Selected Participant may accept an offer of the grant of Share Award(s) in such manner as set out in the SA Grant Letter. Once accepted, the Share Award(s) are deemed granted from the date of the SA Grant Letter.

4. Further Restrictions on Share Awards

In addition to the Restricted Period, each Share Award shall be subject to a further restricted period starting from the date of grant of such Share Award and ending upon the date when the Shares first become listed on the Stock Exchange and the date upon which the relevant SA Selected Participant completes the relevant approval and filing procedures in respect of his/her Share Awards/Shares in accordance with the Huifa 2012 No. 7 Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning the Domestic Individuals' Participation in the Exchange Administration of Equity Incentive Plans of Overseas Listed Companies (if applicable) and other applicable laws and regulations (whichever is later) (the "**Lockup Restricted Period**").

The Share Awards and any interest therein may not be enjoyed, sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by the SA Selected Participants, except by will or the laws of descent and distribution, during the Restricted Period (including the Lockup Restricted Period).

5. Obtaining of Share Awards

The Company will issue an unlock notice (the "**Unlock Notice**") to the relevant SA Selected Participant in respect of the relevant share awards after the restriction criteria, conditions and time schedule have been reached, fulfilled or waived in accordance with the terms of the SA Scheme. Prior to receipt of the Unlock Notice, a SA Selected Participant may not exercise any voting rights nor have any rights in respect of the Shares underlying the Share Awards, including but not limited to, any cash or non-cash income, dividends or distributions, all of which shall be retained by the Scheme Custodian in accordance with the term of the SA Scheme.

Share Awards held by a SA Selected Participant that are unlocked as evidenced by the SA Unlock Notice may be obtained (in whole or in part) by the SA Selected Participants upon the expiry of SA Restricted Period and the lapse of all SA Unlock Restrictions (if any). Our Board and/or the Authorized Administrator may decide at its absolute discretion to direct and procure the Scheme Custodian to, within a reasonable time, transfer the Shares underlying the Share Awards (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the SA Selected Participant which our Company has allotted and issued to the Scheme Custodian or which the Scheme Custodian has either acquired by purchasing existing Share Awards or by receiving existing Shares from any Shareholder, as the case may be, subject to the SA Selected Participant paying all tax, stamp duty, levies and charges applicable to such transfer.

6. Terms of the SA Scheme

The SA Scheme shall be valid and effective for a period of ten years, commencing on June 25, 2019, after which no further Share Awards will be granted, and thereafter for so long as there are any non-vested Share Awards granted under the SA Scheme prior to the expiration of the SA Scheme, in order to give effect to the unlocking of the Share Awards or otherwise as may be required in accordance with the SA Scheme Rules. The remaining life of the SA Scheme is approximately 4 years.

Details of the Share Awards granted under the SA Scheme and their movements during the year are set out below:

		Number of Share Awards									
Name or category of Share Awards grantee	Date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Vested during the Reporting Period	Returned during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2024	Vesting date	Exercise price per Share (HK$)	Closing price immediately before the date of grant (HK$)	Weighted average closing price immediately before the vesting date (HK$)
Directors											
Mr. Liu Lei	14 January 2021	10,000,000	–	–	5,000,000	–	5,000,000	–	–	–	–
Mr. Lin Yuqi	14 January 2021	5,000,000	–	–	2,500,000	–	2,500,000	–	–	–	–
Total		15,000,000	–	–	7,500,000	–	7,500,000	–	–	–	–

Post-IPO RSU Scheme

The following is a summary of the principal terms of the Post-IPO RSU Scheme adopted by the Company on September 30, 2021. The Post-IPO RSU Scheme is subject to the provisions of Chapter 17 of the Listing Rules.

1. Purpose of the Post-IPO RSU Scheme

The purpose of the Post-IPO RSU Scheme is to drive performance within the Group by focusing on core key performance indicators that align with the Group's overall performance, to engage, attract and retain skilled and experienced personnel, and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

2. Post-IPO RSUs

A Post-IPO RSU under the Post-IPO RSU Scheme gives a person who is eligible to participate in the Post-IPO RSU Scheme and selected by the Board a conditional right when the Post-IPO RSU vests to obtain Shares, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion. Each Post-IPO RSU represents one underlying Share. A Post-IPO RSU may include, if so specified by the Board in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares.

3. Participants in the Post-IPO RSU Scheme

Persons eligible to receive Post-IPO RSUs under the Post-IPO RSU Scheme are existing employees, Directors (whether executive or non-executive), officers, consultants and service providers of the Company or any member of the Group (the "**Post-IPO RSU Eligible Persons**"). The Board selects the Post-IPO RSU Eligible Persons to receive Post-IPO RSUs under the Post-IPO RSU Scheme on the basis of their contribution to the development and growth of the Group or such other factors as the Board may deem appropriate at its discretion.

4. Maximum number of Shares that may be granted under the Post-IPO RSU Scheme

The total number of Shares underlying the Post-IPO RSU Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as of the adoption date of the Post-IPO RSU Scheme. The total number of Shares subject to the Post-IPO RSU Scheme may be adjusted upon the occurrence of any alteration in the capital structure of the Company.

The Board shall regularly review the maximum limit of the Post-IPO RSU Scheme and may resolve, as it sees fit, to increase the maximum limit. Any increase of the maximum limit of the Post-IPO RSU Scheme will be promptly announced by the Company.

5. Maximum entitlement of each Post-IPO RSU Selected Participant

The maximum number of Post-IPO RSUs (including Shares granted, vested, exercised or cancelled) which may be granted to any one Post-IPO RSU Selected Participant under the Post-IPO RSU Scheme during the twelve months from the grant date (inclusive) may not exceed 1% of the issued share capital of the Company as of the relevant grant date, unless otherwise approved by the Board.

6. Grant and Acceptance

An offer to grant a Post-IPO RSU will be made to a Post-IPO RSU Selected Participant by a letter, in such form as the Board may determine (the "**Post-IPO RSU Grant Letter**"). The Post-IPO RSU Grant Letter will specify the Post-IPO RSU Selected Participant's name, the manner of acceptance of the Post-IPO RSU, the number of Post-IPO RSUs granted and the number of underlying Shares represented by the Post-IPO RSUs, the vesting criteria and conditions, the vesting schedule, the grant price and/or the exercise price of the Post-IPO RSUs (where applicable) and such other details as the Board considers necessary and are not inconsistent with the Post-IPO RSU Scheme Rules, and will require the Post-IPO RSU Selected Participant to undertake to hold the Post-IPO RSU on the terms on which it is granted and to be bound by the provisions of the Post-IPO RSU Scheme.

A Post-IPO RSU Selected Participant may accept an offer of the grant of Post-IPO RSUs in such manner as set out in the Post-IPO RSU Grant Letter. Once accepted, the Post-IPO RSUs are deemed granted from the date of the Post-IPO RSU Grant Letter.

7. Vesting of Post-IPO RSUs

The Board can determine the vesting criteria, conditions and the time schedule when the Post-IPO RSUs will vest and such criteria, conditions and time schedule shall be stated in the Post-IPO RSU Grant Letter.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board will send a vesting notice (the "**Post-IPO RSU Scheme Vesting Notice**") to each of the relevant Post-IPO RSU Selected Participants. The Post-IPO RSU Scheme Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

8. Exercise of Post-IPO RSUs

Post-IPO RSUs held by a Post-IPO RSU Selected Participant that are vested as evidenced by the Post-IPO RSU Scheme Vesting Notice may be exercised (in whole or in part) by the Post-IPO RSU Selected Participant serving an exercise notice in writing on the New Scheme Custodian and copied to the Company. Any exercise of Post-IPO RSUs must be in respect of board lots of 4,000 Shares each or an integral multiple thereof (except where the number of Post-IPO RSUs which remains unexercised is less than one board lot).

9. Term of the Post-IPO RSU Scheme

The Post-IPO RSU Scheme will be valid and effective for a period of ten (10) years, commencing from its adoption Date, being September 30, 2021 (unless it is terminated earlier in accordance with its terms). The remaining life of the Post-IPO RSU Scheme is approximately 6 years.

No Post-IPO RSUs has been granted under the Post-IPO RSU Scheme as at the date of this annual report.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "EMPLOYEE INCENTIVE SCHEMES" above, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the period ended December 31, 2024 and up to the date of this annual report.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

In September 2021, the Company has appointed Kastle Limited, an independent third party, as the new custodian of the Post-IPO RSU Scheme to repurchase shares to be held by the trust as restricted share units for employee share award. The share repurchase was approved by the Board. During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company (including sale of treasury shares). As at December 31, 2024, no restricted share units were granted during the Reporting Period and up to the date of this annual report.

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

RELATED PARTY TRANSACTION

The Group entered into certain transactions with "related parties" as defined under the applicable accounting standards, the details of which are set out in note 37 to the consolidated financial statements of this annual report.

Save and except for the continuing connected transactions disclosed in the section "NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS" in this Directors' Report, all other related party transactions constituted connected transaction or continuing connected transactions and they are fully exempt under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS

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

NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

On December 11, 2001, the State Council promulgated the Regulations on the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定》(2016 修訂)) (the "**FITE Regulations**"), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are prohibited from holding more than 50% of the equity interests in a company providing value-added telecommunications services.

In addition, a foreign investor who invests in the value-added telecommunications services in the PRC must possess prior experience in operating the value-added telecommunications services and a proven track record of business operations overseas (the "**Qualification Requirements**"). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. Therefore, in order for the Company to be able to carry on its business in the PRC, the Group has entered into the Contractual Arrangements to enable the Company to exercise and maintain control over operations of the Consolidated Affiliated Entities and to consolidate these companies' financial results into the Company's results under IFRSs as if they are wholly-owned subsidiaries of the Company. Please refer to the section headed "Contractual Arrangements" of the Prospectus for details.

Up to the date of this annual report, there is no further update in relation to the Qualification Requirement.

Contractual arrangements overview

1. Details of operating company and Registered Shareholders

Operating company: Congshu Beijing

Congshu Beijing is a company established in the PRC with limited liability. Registered Shareholders of Congshu Beijing are Mr. Xu and Mr. Li.

2. Description of the operating company's business

Congshu Beijing is the principal operating subsidiary of our Group and is primarily engaged in the provision of online advertising services, including the provision of automobile-related advertising services, the publication of automobile-related articles and the production of video commercials in the PRC.

3. Summary of terms of contractual arrangements

The Contractual Arrangements which were in place as at the date of this annual report are as follows:

(1) The exclusive technical service agreement dated May 15, 2019, pursuant to which Congshu Internet has the exclusive right to provide, or designate any third party to provide Congshu Beijing with technical and management consulting services.

(2) The exclusive option agreement dated May 15, 2019, pursuant to which the Registered Shareholders unconditionally and irrevocably agree to grant Congshu Internet an exclusive option to purchase all or part of the equity interests in Congshu Beijing, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws, under circumstances in which Congshu Internet or its designated third party is permitted under PRC laws to acquire all or part of the equity interests of Congshu Beijing.

(3) The equity pledge agreements dated May 15, 2019, pursuant to which the Registered Shareholders unconditionally and irrevocably pledged all of the equity interests in Congshu Beijing to Congshu Internet in order to guarantee Congshu Beijing and our Registered Shareholders' performance of obligations under the exclusive technical service agreement, exclusive option agreement and shareholders' rights proxy agreement (as defined below).

(4) The shareholders' right proxy agreement dated May 15, 2019, pursuant to which the Registered Shareholders irrevocably appointed Congshu Internet or its designated person, as their attorney-in-fact to exercise certain shareholder's rights in Congshu Beijing.

(5) The spousal undertakings signed by each of the Registered Shareholders to the effect that (i) the shares of Congshu Beijing held and to be held by each of the Registered Shareholders (together with any other interests therein) do not fall within the scope of communal properties, and (ii) she has no right to or control over such interests of the respective Registered Shareholder and will not have any claim on such interests of the respective Registered Shareholder and the Contractual Arrangements.

The Company confirms that it has complied with the relevant requirements of Chapter 14A of the Listing Rules in relation to all connected transactions and continuing connected transactions to which the Company was a party during the year ended December 31, 2024.

Risks associated with the Contractual Arrangements

For risks associated with the Contractual Arrangements, please see the section headed "Risk Factors – Risks Relating to our Corporate Structure" in the Prospectus for details.

Material change in relation to the Contractual Arrangements

For the year ended December 31, 2024 and up to the date of this annual report, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

Unwinding the Contractual Arrangements

The Company will unwind the Contractual Arrangements as soon as the laws allows the business of the Operating Company and the Consolidated Affiliated Entities to be operated without the Contractual Arrangements.

However, during the period from the Listing Date up to the date of this annual report, none of the Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements had been removed.

Waiver from the Stock Exchange

The Stock Exchange has granted a waiver to the Company from strict compliance with the connected transactions requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements. For details, please refer to the section "Connected Transactions" in the Prospectus.

Confirmation from independent non-executive Directors

In accordance with Rule 14A.55 of the Listing Rules, for the year ended December 31, 2024, the independent non-executive Directors have reviewed the Contractual Arrangements and are of the view that the Contractual Arrangements and the transactions contemplated therein have been entered into in the Group's ordinary and usual course of business, on normal commercial terms or better, the terms under the Contractual Arrangements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conclusion of the Company's Independent Auditor

In accordance with Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised)"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 his unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 38 to 40 of this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DONATIONS

For the year ended December 31, 2024, the Group did not have any charitable and other donations (2023: Nil).

DEBENTURES

During the Reporting Period, the Group did not issued any debentures (2023: Nil).

MATERIAL LEGAL PROCEEDINGS

For the year ended December 31, 2024, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

Under the Articles of Association, every director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he may incur or sustain in or about the execution of his duties in his office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against its directors and officers.

SIGNIFICANT INVESTMENT AND MATERIAL EVENT DURING THE REPORTING PERIOD

For the year ended December 31, 2024, the Group has the following significant investment:

	Percentage of interest held		Investment costs		Gain recognized in other income and gains	Fair value	
	As of December 31, 2024 %	As of December 31, 2023 %	As of December 31, 2024 RMB'000	As of December 31, 2023 RMB'000	RMB'000	As of December 31, 2024 RMB'000	As of December 31, 2023 RMB'000
Ruibo Fund	**58.79**	58.79	**30,000**	30,000	573	**25,571**	24,998

As of December 31, 2024, the percentage to total assets value of the Company remained unchanged at approximately 4%.

Save as disclosed above, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures, during the Reporting Period. Apart from those disclosed in this annual report, there was no plan authorized by the Board for other material investments or addition of capital assets at the date of this annual report.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Change of the Company English Name and Stock Short Name

On January 22, 2025, following the passing of a special resolution in relation to the change of English name of the Company at an extraordinary general meeting, the certificate of incorporation on change of name was issued by the Registry of Companies of the Cayman Islands on February 6, 2025, certifying that the English name of the Company has been changed from "Cheshi Technology Inc." to "AI X Tech Inc.", and the new English name of the Company has been entered into the register maintained by the Registry of Companies of the Cayman Islands with effect from February 6, 2025. The Chinese name of the Company will remain unchanged as "車市科技有限公司".

The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on February 21, 2025 confirming the registration of the Company's new English name of "AI X Tech Inc." and Chinese name as "車市科技有限公司" in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

The Shares will be traded on the Stock Exchange under the new English stock short name "AI X TECH" in English, with the Chinese stock short name "車市科技" remained unchanged, and the existing English stock short name "CHESHI TECH" will no longer be used, with effect from 9:00 a.m. on March 3, 2025. The stock code "1490" of the Company remains unchanged.

For details, please refer to the announcements of the Company dated January 22, 2025 and February 26, 2025 and the circular of the Company dated January 7, 2025.

Save as disclosed above and as at the date of this annual report, the Group is not aware of any significant events which could have a material impact on our operating and financial performance after the year ended December 31, 2024 and up to the date of this annual report.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely, Mr. Ng Jack Ho Wan (Chairman), Mr. Xu Xiangyang and Mr. Li Ming, who retired as a member with effect from March 26, 2024. After the retirement of Mr. Li, Mr. Sun Yong has appointed as a member with effect from March 26, 2024. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended December 31, 2024 and the disclosure in this annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the Reporting Period and up to the date of this annual report, the Company has complied with all applicable code provisions under the CG Code and adopted most of the best practices set out therein except for the deviation from code provision C.2.1.

Code provision C.2.1 stipulates that the roles of Chairman and chief executive should be separated and should not be performed by the same individual. The role of Chairman and chief executive officer are both performed by Mr. Xu. Given that Mr. Xu is one of our founders who had provided strategic guidance and leadership throughout the development of the Group's business, our Board believes that vesting the roles of both chairman and chief executive officer in Mr. Xu has the benefit of ensuring consistent leadership within our Group, and providing more effective and efficient overall strategic planning and management oversight for our Group. The Board considers that Mr. Xu's dual role at this stage is conducive to maintaining the continuity of the Company's policies and the operation efficiency and stability of the Company, which is appropriate and in the best interest of the Company.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which is included in this annual report.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, marketing, human resources, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time for the year ended December 31, 2024 and up to the date of this annual report.

AUDITOR

Reference is made to the change of auditor as set out in the Company's announcement dated July 22, 2022 that the audit appointment of PricewaterhouseCoopers ("**PwC**") was terminated with effect from July 22, 2022. The Board resolved to, having regard to the recommendation from the Audit Committee, approve the appointment of Ernst & Young ("**EY**") as the auditor of the Company to fill the casual vacancy following the termination of PwC.

Save for the above, there has been no other change of auditors in the past three years. The consolidated financial statements for the year ended December 31, 2024 have been audited by EY who will retire at the forthcoming AGM of the Company and, and being eligible, offer themselves for reappointment.

By order of the Board
Xu Chong
Chairman and Chief Executive Officer

Beijing, the PRC, March 27, 2025

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Save as the deviations from code provision C.2.1 of the CG Code as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code for the year ended December 31, 2024 to the date of this annual report.

The Directors will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company each financial year and apply the "comply or explain" principle in the corporate governance report which is included in this annual report.

THE BOARD

Responsibilities

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

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

The Company has arranged appropriate insurance cover in respect of liability arising from legal action against its Directors.

Mechanism for the Board to Obtain Independent Views and Opinions

The Company has established a mechanism to ensure independent views and inputs are available to the Board, and ensure the independence of the Board as a critical measure to improve the efficiency of the Board pursuant to code provision B.1.4 of the CG Code. The mechanism includes but is not limited to Directors' access to external professional advisers to obtain additional information and documents from the management on matters to be discussed at Board meetings. The implementation and effectiveness of such mechanism are annually reviewed by the Board.

Board Composition

As at the date of this annual report, the Board comprised four executive Directors and three independent non-executive Directors as set out below:

Executive Directors:
Mr. Xu Chong *(Chairman and chief executive officer)*
Mr. Liu Lei
Mr. Lin Yuqi
Ms. Zhang Nan *(appointed with effect from December 6, 2024)*

Independent Non-executive Directors:
Mr. Xu Xiangyang
Mr. Li Ming *(retired with effect from March 26, 2024)*
Mr. Ng Jack Ho Wan
Mr. Sun Yong *(appointed with effect from March 26, 2024)*

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

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

During the Reporting Period to the date of this annual report, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

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

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

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

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

Board Diversity Policy

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity on our Board. The Board Diversity Policy provides that our Company should endeavor to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our Group's business strategy. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant Listing Rules and the code provision(s) governing board diversity under the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. After Listing, our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Measurable objectives of the Company are as follows: (1) candidates for appointment as directors will be considered from a wide range of individuals including cultural, educational background, professional and industry experience, skills, experience, knowledge, perspective and other contributions that may complement the current needs of the Board; and (2) to review whether the composition and structure of the Board of Directors are suitable for the Group's overall development strategy every year according to the Group's business operation and development needs, and propose an adjustment implementation plan.

When it is necessary to replace or add new directors, the nomination committee will identify and make recommendations to the Board according to the board diversity policy. The Board will also appoint suitable Directors according to the overall development of the Group and the board diversity policy. The Board is of the view that the current composition and structure of the Board is in line with the current business development needs of the Group, and can provide the Company with various valuable suggestions and decision-making supervision.

The Company has appointed one female Director on December 6, 2024 in order to achieve gender diversity of the Board. The Company will continue to take gender diversity into consideration during recruitment and identify a pipeline of potential successors to the Board with the ultimate goal of achieving gender parity. The Company will continue to evaluate the Board's diversity, objectively consider the composition and effectiveness of the Board.

As at December 31, 2024, among the Group's 102 employees (including the senior management), 55 (54%) were male and 47 (46%) were female. The gender ratio is regarded by the Board as satisfactory and is in line with the nature of the Group's business of automobile advertising service. The Board will periodically monitor the gender composition of the workforce and set targets if and as needed.

Induction and Continuous Professional Development

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

Pursuant to of the CG Code, all Directors will participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company has from time to time updated and provided the Directors with written training materials in relation to their roles, functions and duties.

In accordance with code provision C.1.4 of the CG Code, based on the information provided by the Directors, for the year ended December 31, 2024, a summary of training received by the Directors is as follows:

Name of Directors	Nature of Continuous Professional Development [Notes]
Executive Directors	
Mr. Xu Chong	A, C and D
Mr. Liu Lei	A and D
Mr. Lin Yuqi	A and D
Ms. Zhang Nan *(appointed with effect from December 6, 2024)*	A, C and D
Independent Non-executive Directors	
Mr. Xu Xiangyang	A, C and D
Mr. Li Ming *(retired with effect from March 26, 2024)*	D
Mr. Ng Jack Ho Wan	A and D
Mr. Sun Yong *(appointed with effect from March 26, 2024)*	A and D

Notes:

A: attending seminars and/or conferences and/or forums and/or briefings

B: making speeches at seminars and/or conferences and/or forums

C: participating in training provided by law firms and that relating to the business of the Company

D: reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The role of Chairman and chief executive officer are both performed by Mr. Xu. Given that Mr. Xu is one of the Group's founders who had provided strategic guidance and leadership throughout the development of its business, the Board believes that vesting the roles of both Chairman and chief executive officer in Mr. Xu has the benefit of ensuring consistent leadership within the Group, and providing more effective and efficient overall strategic planning and management oversight for the Group. The Board considers that Mr. Xu's dual role at this stage is conducive to maintaining the continuity of the Company's policies and the operation efficiency and stability of the Company, which is appropriate and in the best interest of the Company.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, marketing, human resources, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

Appointment and Re-Election of Directors

Each of Mr. Xu and Mr. Liu Lei, the executive Directors, has entered into a service contract with the Company for a term of three years commencing from January 15, 2024 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Mr. Lin Yuqi, an executive Director, has entered into a service contract with the Company for a term of three years commencing from March 29, 2024 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Ms. Zhang Nan, an executive Director, has entered into a service contract with the Company for a term of three years commencing from December 6, 2024 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Each of the independent non-executive Directors, namely Mr. Xu Xiangyang and Mr. Ng Jack Ho Wan, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and shall be automatically renewed thereafter unless terminated by either party by giving at least three months prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Mr. Sun Yong, an independent non-executive Director, has entered into a letter of appointment with the Company for an initial term of three years commencing from March 26, 2024 and shall be automatically renewed thereafter unless terminated by either party by giving at least three months prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Group which is not determinable by the Company within one year without payment if compensation other than statutory compensation.

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation at least once every three years. Any new Director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first annual general meeting of the Company following his appointment and shall then be eligible for re-election at such meeting; and (ii) as an addition to the Board shall hold office until the first annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, Mr. Liu Lei, Mr. Lin Yuqi and Mr. Ng Jack Ho Wan shall retire by rotation, and being eligible, have offered themselves for re-election at the forthcoming AGM. Ms. Zhang Nan shall hold office only until the forthcoming AGM, and being eligible, has offered herself for re-election at the forthcoming AGM.

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

Board Meetings and General Meetings

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

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

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

There are two types of general meetings: annual general meetings and extraordinary general meetings. The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles of Association. The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

For the year ended December 31, 2024, four Board meetings and one general meeting were held. The attendance of each Director at the Board meetings and general meeting is set out below:

Name of Directors	Attended/Eligible to attend the Board meeting(s)	Attended/Eligible to attend the Shareholders' general meeting(s)
Executive Directors		
Mr. Xu Chong	4/4	1/1
Mr. Liu Lei	4/4	1/1
Mr. Lin Yuqi	4/4	1/1
Ms. Zhang Nan *(appointed with effect from December 6, 2024)*	–	–
Independent Non-executive Directors		
Mr. Xu Xiangyang	4/4	1/1
Mr. Li Ming *(retired with effect from March 26, 2024)*	1/4	–
Mr. Ng Jack Ho Wan	4/4	1/1
Mr. Sun Yong *(appointed with effect from March 26, 2024)*	3/4	1/1

Annual general meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of annual general meeting is distributed to all shareholders at least 21 days' in writing prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the annual general meeting exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Poll voting results are posted on the Company's website on the day of the annual general meeting.

The forthcoming AGM will be held on May 22, 2025. The notice of the AGM will be sent to the Shareholders at least 21 days before the date of the AGM.

Model Code for Securities Transactions

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions since the Listing Date. Having made specific enquiry with the Directors, all of the Directors confirmed that he has complied with the required standards as set out in the Model Code during the period from December 31, 2024 and up to the date of this annual report.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently pursuant to code provision C.5.6 of the CG Code.

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

Corporate Governance Function

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

During the year ended December 31, 2024, the Board confirms that it has:

(a) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(b) reviewed and monitored the training and continuous professional development of the Directors and senior management;

(c) reviewed the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to the Group's employees and Directors; and

(e) reviewed the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

BOARD COMMITTEES

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this annual report, the Audit Committee comprises three members, namely Mr. Xu Xiangyang, Mr. Sun Yong and Mr. Ng Jack Ho Wan being all independent non-executive Directors. The Audit Committee is chaired by Mr. Ng Jack Ho Wan.

The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board. The written terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, two meetings of the Audit Committee were held. The attendance of each Audit Committee member is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Mr. Ng Jack Ho Wan	2/2
Mr. Xu Xiangyang	2/2
Mr. Li Ming *(retired with effect from March 26, 2024)*	1/2
Mr. Sun Yong *(appointed with effect from March 26, 2024)*	1/2

The Audit Committee has reviewed the Company's audited consolidated results for the year ended December 31, 2023 and the unaudited consolidated results for the six months ended June 30, 2024, the effectiveness of internal audit function, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control, financial reporting and the appointment of the Auditor, including selecting and assessing the independence and qualifications of the Auditor, and ensuring effective communication between the Directors and Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

NOMINATION COMMITTEE

The Nomination Committee was established by our Company with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this annual report, the Nomination Committee comprised three members, including one executive Director, namely, Mr. Xu, and two independent non-executive Directors, namely, Mr. Xu Xiangyang and Mr. Sun Yong. The Nomination Committee is chaired by Mr. Xu.

The primary duties of the Nomination Committee are to review the structure, size and composition of our Board, assess the independence of independent non-executive Directors and make recommendations to our Board on the appointment and removal of our Directors and senior management, and the implementation of the Board Diversity Policy of our Company. The Nomination Committee is also responsible for the implementation of our nomination policy.

Board Diversity

We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity on our Board. The Board Diversity Policy provides that our Company should endeavor to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our Group's business strategy. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objective.

The Nomination Committee of the Company reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new directors of the Company. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In overseeing the conduct of the annual review and assessing the composition and effectiveness of the Board, the Nomination Committee considers the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Factors to be taken into account include gender, age, ethnicity, cultural and educational background, professional skills, experience, independence and knowledge. Due regard is to be given to the business model and specific needs of the Company.

In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board and the factors as described above. The recommendations of the Nomination Committee will then be submitted to the Board for decision. The written terms of reference of Nomination Committee are available on the websites of the Stock Exchange and the Company.

Nomination Policy

The Nomination Committee will select board members in accordance with the Company's nomination policy which includes selection criteria such as the character and integrity of the candidate, the candidate's qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy and will also give consideration to the Board Diversity Policy.

For the year ended December 31, 2024, two meetings of the Nomination Committee were held. The attendance of each Nomination Committee member is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Mr. Xu Chong	2/2
Mr. Xu Xiangyang	2/2
Mr. Li Ming *(retired with effect from March 26, 2024)*	1/2
Mr. Sun Yong *(appointed with effect from March 26, 2024)*	1/2

The Nomination Committee has discussed and considered the nomination and appointment of Ms. Zhang Nan and Mr. Sun Yong to the Board as an executive Director and an independent non-executive Director, respectively, reviewed the structure, size and composition of the Board and assessed the independence of independent non-executive Directors.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this annual report, the Remuneration Committee currently comprises three members, including one executive Director, namely Mr. Lin Yuqi and two independent non-executive Directors, namely, Mr. Xu Xiangyang and Mr. Ng Jack Ho Wan. The Remuneration Committee is chaired by Mr. Xu Xiangyang.

The primary duties of the Remuneration Committee are to determine the policy and make recommendations to our Board on the specific remuneration packages of all Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to our Board of the remuneration of independent non-executive Directors. The Remuneration Committee will also assess the performance of the Company's executive Directors and approve the terms of their service contracts. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the year ended December 31, 2024, two meetings of the Remuneration Committee were held. The attendance of each Remuneration Committee member is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Mr. Xu Xiangyang	2/2
Mr. Lin Yuqi	2/2
Mr. Ng Jack Ho Wan	2/2

The Remuneration Committee has discussed and considered the remuneration of Mr. Sun Yong as per his appointment to the Board as the independent non-executive Director, the remuneration of Ms. Zhang Nan as per her appointment to the Board as an executive Director, discussed and considered the remuneration packages of the Directors and senior management and made recommendations on and approving the remuneration policy and structure. The Remuneration Committee has also reviewed the material matters relating to share schemes of the Company during the Reporting Period. Details of the summary of material matters of the share schemes are set out in the section headed "Directors' Report – EMPLOYEE INCENTIVE SCHEMES" of this annual report.

Remuneration Policy

Our Directors and senior management receive compensation in the form of fees, salaries, discretionary bonuses, defined contribution pension costs, other allowances and benefits in kind and share-based compensation (if applicable) with reference to those paid by comparable companies, time commitment and the performance of our Company. Our Company also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Company or executing their functions in relation to the operations of our Company.

Our Remuneration Committee reviews the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. The Group regularly reviews its compensation and benefit policies to ensure that the remuneration package offered remains competitive and in line with referent labour regulations.

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 16 to 20 of this annual report, for the year ended December 31, 2024, are set out below:

Band of remuneration	Number of individuals
RMB500,000-RMB1,000,000	2
RMB1,000,001-RMB2,000,000	2
RMB2,000,001-RMB7,000,000	–
RMB7,000,001-RMB15,000,000	–
	4

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024 and to the date of this annual report which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

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

The external Auditor's statement about reporting responsibility is set out on pages 61 to 66 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Company's assets and its Shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Such internal control policies and procedures include the following:

- Code of Conduct. Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behavior;

- Internal Audit. Our internal audit function regularly monitors key controls and procedures in order to assure our management and Board that the internal control system is functioning as intended. The Audit Committee of our Board is responsible for supervising our internal audit function;

- Licensing. In accordance with our internal measures, our administrative team is assigned to ensure we have all necessary licenses for our business operation and to keep track of the licensing update and renewal;

- Publishing and distributing measures. The Company has implemented various quality assurance measures in relation to its photo publishing and content distributing activities; and

- Compliance with Listing Rules and relevant laws and regulations. The Company will continue to monitor its compliance with relevant laws and regulations and its senior management team will work closely with its employees to implement actions required to ensure its compliance with relevant laws and regulations. The Company will also continue to arrange various trainings to be provided by Hong Kong legal advisors to its Directors, senior management and employees on the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and the handling of confidential and inside information. The Company's senior management, internal audit and the Audit Committee together monitor the implementation of its internal control system on an ongoing basis to ensure our policies and implementation are effective and sufficient.

Our risk management process starts with identifying the major risks that are associated with our corporate strategy, goals and business operation. We adopted risk management policies to access our risks in terms of their likelihood and potential impact, and then prioritize and pair each risk with a mitigation plan. We provide training to our employees and encourage an all-embracing culture of risk management ensuring that all employees are aware of and responsible for managing risks. Each of our operating departments is responsible for identifying and analyzing risks associated with its function. The Audit Committee of, and ultimately our Board supervises the implementation of our risk management policy at the corporate level by bringing together each operating department, such as development, quality control, sales, to collaborate on risk issues among different functions.

For the year ended December 31, 2024 and up to the date of this annual report, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems to be effective and adequate. The review has been discussed by the Company's management and evaluated by the Audit Committee.

ANTI-CORRUPTION AND WHISTLEBLOWING POLICY

We are aware of the importance of protecting legal rights and interests as well as regulating misconduct business practices for sustainable, stable and healthy development. Apart from strictly following, but not limited to, the Criminal Law of the PRC《中華人民共和國刑法》, the Anti-unfair Competition Law of the PRC《(中華人民共和國反不正當競爭法》 and the Interim Provisions on Banning of Commercial Bribery《關於禁止商業賄賂行為的暫行規定》, we have formulated internal policies such as the Anti-fraud and Reporting Mechanism Management Measures《反舞弊與舉報機制管理辦法》 to better monitor suspicious transactions and standardize reporting procedures. We have introduced a reporting mechanism and regular declarations of conflicts of interest for all staff, including Directors, and provided regular training on corruption and bribery prevention. During the Reporting Period, the employees and the Group were not involved in any legal cases relating to extortion, bribery, fraud, and money laundering. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period. All Directors of the Group have received corporate governance training provided by the Group before listing or during induction, so that the Directors would clearly understand their responsibilities and properly exercise their fiduciary duties. The Group offers new employee induction training which includes trainings in relation to basic employee ethics, such as anti-corruption. The Group will closely monitor the regulatory development and will arrange relevant anti-corruption trainings for our employees and Directors, where necessary.

Further, we have developed Anti-Fraud and Whistleblowing Policy that outlines multiple whistleblowing channels and our whistle blower protection system, which conveys the message of our zero-tolerance in relation to fraudulent activities for all the employees and suppliers/business partners. We encourage employees and suppliers/business partners to report any concerns that they may have regarding any non-compliant or potentially fraudulent activities. We protect the safety of whistle-blowers by ensuring that they do not receive any unfair treatment or any form of retaliation during the process.

DIVIDEND POLICY

The Company has adopted a dividend policy on the declaration, payment and amount of dividends which will be subject to the Directors' discretion. The Group shall consider the factors before declaring or recommending dividends, including without limitation (a) the Company's actual and expected financial performance; (b) retained earnings and distributable reserves of the Company and each of the members of the Group; (c) the Group's working capital requirements, capital expenditure requirements and future expansion plans; (d) the Group's liquidity position; (e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and (f) the Board may also consider other applicable factors to determine the declaration, payment and amount of dividends. The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's constitutional documents. The Group will continually review our dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

As of December 31, 2024, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Company for the year ended December 31, 2024 was approximately as follows:

Type of Services	Amount RMB'000
Audit services	1,509
Non-audit services – tax services	–
Total	1,509

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged Ms. Leung Shui Bing ("**Ms. Leung**"), a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider) as our sole company secretary. Ms. Leung is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed. Ms. Leung's primary corporate contact person at the Company is Ms. Zhang Nan (張男), the executive Director.

For the year ended December 31, 2024, Ms. Leung complies with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Board and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions.

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

During the year ended December 31, 2024, the Board has reviewed the implementation and effectiveness of the shareholders communication policy and considered that the shareholders communication policy has been properly implemented and effective.

SHAREHOLDERS' RIGHTS

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

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

Convening of extraordinary general meeting and putting forward proposals

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

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

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Company's principal place of business in Hong Kong at 31/F, Tower Two, Times Square 1 Matheson Street, Causeway Bay, Hong Kong or contact the Company by telephone at +86 10 84533229 or email at ir@cheshi.com.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2024, there has been no amendment to the constitutional documents of the Company. Should the Company propose to amend the Articles of Association, the proposed amendments and adoption of a new Articles of Association would be subject to the approval of the Shareholders by way of special resolution at a general meeting, and prior to the passing of such special resolution at a general meeting, the existing Articles of Association shall remain valid.

EY 安永

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To the shareholders of AI X Tech Inc.

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of AI X Tech Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 167, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter

Valuation of a Level 3 unlisted investment fund recognised as a financial asset at fair value through profit or loss

The Group accounted for its unlisted investment fund as a financial asset at fair value through profit or loss in accordance with IFRS 9 *Financial instruments*.

The fair value measurement of such unlisted investment fund was significant to our audit because of its fair value of approximately RMB25,571,000 as at 31 December 2024, representing 4% of the Group's total assets. This financial asset was categorised as Level 3 in the fair value valuation hierarchy.

The Level 3 unlisted investment fund was measured based on adjusted net asset value. Management performed a fair value assessment of the fund's net asset value and its underlying investments with the assistance of a professionally independent external valuer. The fair value assessment of the underlying investments involved the use of valuation techniques including discounted cash flow model, recent transaction approach and market approach, where appropriate.

The key assumptions and estimates used in the valuation include discount rates, market data of the comparable companies, and probability of redemption of the investors' financial instrument on the underlying investee company.

We focus on the fair value of the Level 3 unlisted investment fund because it involves significant unobservable inputs which involve significant management judgements and assumptions and thus involves a high degree of uncertainty in the valuation.

Relevant disclosures are included in notes 2.4, 3, 24 and 38 to the consolidated financial statements.

Our audit procedures included the following:

- Obtaining an understanding of management's internal control and assessment process of the valuation of Level 3 unlisted investment fund and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors;

- Assessing the competency, capability and objectivity of the independent external valuer engaged by management;

- Assessing the methodologies and key parameters used by management with the assistance of our internal valuation expert, including the reasonableness of the discount rates applied in the discounted cash flow model, the market data of the comparable companies used by management and the discounts for lack of marketability;

- Discussing with management and evaluating the probability of redemption of investors' financial instruments on the underlying investee company;

- Checking the data input of the recent transactions to the supporting documents provided by management; and

- Also assessing the Group's disclosures in relation to the financial asset at fair value through profit or loss in the financial statements.

Key audit matters	How our audit addressed the key audit matters
Expected credit losses ("ECLs") of trade receivables and contract assets	
The carrying amount of trade receivables and contract assets as at 31 December 2024 was approximately RMB84,504,000 in aggregate, representing 14% of the Group's total assets. The Group adopted an ECL model for the assessment of ECLs of trade receivables and contract assets by using a provision matrix. The provision matrix was initially based on the Group's historical default rates, taking into account the ageing of the balances and recent historical payment patterns. The Group then calibrated the matrix to adjust the historical credit loss experience with forward-looking information such as forecasted economic conditions. As the carrying amount of trade receivables and contract assets in aggregate is significant and the assessment involves significant estimates, the assessment of ECLs of trade receivables and contract assets is considered as a key audit matter. References are made to the financial statements in notes 2.4, 3, 20, 23 and 39 for the relevant disclosures.	Our audit procedures included the followings: • Obtaining an understanding of management's internal control over the Group's assessment on ECLs, evaluating and testing the key internal controls over the Group's assessment on ECLs; • Testing, on a sample basis, the accuracy of the ageing of trade receivables and contract assets at the end of the year against the sales contracts and invoices; • Assessing the assumptions and inputs used in the ECL model and checking the mathematical accuracy of the computation of the ECLs of trade receivables and contract assets according to the ECL model; • Evaluating whether the ECLs were adjusted based on forward-looking information with the assistance of our internal expert, and checking the historical and subsequent settlement records of the customers; and • Assessing the credit risk disclosures in relation to trade receivables and contract assets included in the notes to the consolidated financial statements.

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

- 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 consolidated 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lok Man Ho.

Ernst & Young
Certified Public Accountants
Hong Kong
27 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	151,851	155,358
Cost of sales		(66,001)	(33,574)
Gross profit		85,850	121,784
Other income and gains	5	19,256	19,055
Selling and distribution expenses		(61,710)	(59,390)
Administrative expenses		(23,870)	(25,927)
Research and development expenses		(11,868)	(11,044)
(Impairment losses)/reversal of impairment losses on financial and contract assets	6	(3,954)	4,985
Finance costs	7	(230)	(226)
Other expenses		(64)	(6,717)
PROFIT BEFORE TAX	6	3,410	42,520
Income tax expense	10	(1,096)	(1,113)
PROFIT FOR THE YEAR		2,314	41,407
Attributable to:			
Owners of the parent		2,692	42,884
Non-controlling interests		(378)	(1,477)
		2,314	41,407
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic		RMB0.002	RMB0.040
Diluted		RMB0.002	RMB0.040

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	2,314	41,407
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Change in fair value	36	(81)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	36	(81)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	36	(81)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,350	41,326
Attributable to:		
Owners of the parent	2,728	42,803
Non-controlling interests	(378)	(1,477)
	2,350	41,326

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment	*13*	5,160	6,178
Other intangible assets	*16*	889	1,868
Goodwill	*15*	6,153	6,153
Right-of-use assets	*14*	3,360	2,892
Financial assets at fair value through profit or loss	*24*	25,571	24,998
Equity investments designated at fair value through other comprehensive income	*17*	184	148
Long-term prepayments, deposits and other receivables	*22*	3,142	250
Deferred tax assets	*30*	1,660	2,283
Time deposits with original maturity of over one year	*25*	20,581	10,216
Total non-current assets		66,700	54,986
CURRENT ASSETS			
Inventories	*19*	–	514
Trade and bills receivables	*20*	86,616	94,172
Contract assets	*23*	2,349	4,609
Contract costs	*21*	64	1,033
Financial assets at fair value through profit or loss	*24*	10,240	10,061
Debt investments at fair value through other comprehensive income	*18*	11,071	1,580
Prepayments, deposits and other receivables	*22*	27,080	16,415
Income tax recoverable		4,142	3,322
Time deposits	*25*	205,386	53,027
Cash and cash equivalents	*25*	209,104	369,880
Total current assets		556,052	554,613
CURRENT LIABILITIES			
Trade and bills payables	*26*	20,911	10,005
Contract liabilities	*29*	7,092	6,232
Other payables and accruals	*27*	42,727	43,450
A loan from a shareholder	*28*	–	2,495
Lease liabilities	*14*	1,477	1,295
Tax payable		11,959	12,070
Total current liabilities		84,166	75,547
NET CURRENT ASSETS		471,886	479,066
TOTAL ASSETS LESS CURRENT LIABILITIES		538,586	534,052

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities	*14*	1,560	1,512
A loan from a shareholder	*28*	2,584	–
Deferred tax liabilities	*30*	571	605
Total non-current liabilities		4,715	2,117
NET ASSETS		533,871	531,935
EQUITY			
Equity attributable to owners of the parent			
Share capital	*31*	840	840
Treasury shares	*33*	(23,977)	(23,563)
Reserves	*33*	560,552	557,824
		537,415	535,101
Non-controlling interests		(3,544)	(3,166)
Total equity		533,871	531,935

Xu Chong
Director

Liu Lei
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Attributable to owners of the parent									
	Note	Share capital RMB'000 (Note 31)	Share premium* RMB'000 (Note 33)	Treasury shares RMB'000 (Note 33)	Share-based payment reserve* RMB'000 (Note 33)	Statutory reserve* RMB'000 (Note 33)	Fair value reserve* RMB'000 (Note 33)	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024		840	246,004	(23,563)	61,499	21,967	(1,090)	229,444	535,101	(3,166)	531,935
Profit for the year		–	–	–	–	–	–	2,692	2,692	(378)	2,314
Other comprehensive income for the year:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax		–	–	–	–	–	36	–	36	–	36
Total comprehensive income for the year		–	–	–	–	–	36	2,692	2,728	(378)	2,350
Transfer from retained profits		–	–	–	–	449	–	(449)	–	–	–
Repurchase of shares under the restricted share unit scheme	32	–	–	(414)	–	–	–	–	(414)	–	(414)
At 31 December 2024		840	246,004	(23,977)	61,499	22,416	(1,054)	231,687	537,415	(3,544)	533,871

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

		Attributable to owners of the parent									
	Note	Share capital RMB'000 (Note 31)	Share premium* RMB'000 (Note 33)	Treasury shares RMB'000 (Note 33)	Share-based payment reserve* RMB'000 (Note 33)	Statutory reserve* RMB'000 (Note 33)	Fair value reserve* RMB'000 (Note 33)	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023		840	246,004	(23,563)	61,493	20,829	(1,009)	187,698	492,292	(1,689)	490,603
Profit for the year		–	–	–	–	–	–	42,884	42,884	(1,477)	41,407
Other comprehensive income for the year:											
Change in fair value of equity investments at fair value through other comprehensive income, net of tax		–	–	–	–	–	(81)	–	(81)	–	(81)
Total comprehensive income for the year		–	–	–	–	–	(81)	42,884	42,803	(1,477)	41,326
Transfer from retained profits		–	–	–	–	1,138	–	(1,138)	–	–	–
Share-based compensation expense	*32*	–	–	–	6	–	–	–	6	–	6
At 31 December 2023		840	246,004	(23,563)	61,499	21,967	(1,090)	229,444	535,101	(3,166)	531,935

* These reserve accounts comprise the consolidated reserves of RMB560,552,000 (2023: RMB557,824,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,410	42,520
Adjustments for:			
Finance costs	7	230	226
Interest income	5	(13,018)	(12,699)
Loss on disposal of items of property, plant and equipment	6	390	–
Fair value (gain)/loss, net	6	(1,982)	4,483
Exchange gain	5	(3,680)	(2,907)
Value-added tax super credit	5	–	(563)
Depreciation of property, plant and equipment	6	1,871	1,616
Depreciation of right-of-use assets	6	1,741	1,093
Amortisation of intangible assets	6	979	1,016
Share-based compensation expense	6	–	6
Impairment of prepayments and other receivables	6	–	2,000
Reversal of impairment of contract assets	6	(4)	(186)
Impairment/(reversal of impairment) of trade receivables	6	3,958	(4,799)
		(6,105)	31,806
(Increase)/decrease in prepayments, deposits and other receivables		(13,596)	1,726
Decrease/(increase) in inventories		514	(514)
Decrease/(increase) in trade and bills receivables		3,598	(3,673)
(Increase)/decrease in debt investments measured at fair value through other comprehensive income		(9,491)	6,619
Decrease in contract assets		2,264	8,648
Decrease in contract costs		969	621
Increase in trade and bills payables		10,906	2,797
Decrease in other payables and accruals		(723)	(8,623)
Increase/(decrease) in contract liabilities		860	(934)
Cash (used in)/generated from operations		(10,804)	38,473
Interest received		14,341	10,950
Income tax paid		(3,219)	(3,181)
Income tax refund		1,781	2,992
Net cash flows from operating activities		2,099	49,234

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	*13*	(1,243)	(3,378)
Additions to other intangible assets	*16*	–	(61)
Purchases of financial assets at fair value through profit or loss		(245,000)	(100,000)
Proceeds from the disposal of financial assets at fair value through profit or loss		246,230	100,538
Placement of time deposits with original maturity of over three months		(215,751)	(416,778)
Maturity of time deposits with original maturity of over three months		51,704	460,732
Net cash flows (used in)/from investing activities		(164,060)	41,053
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal portion of a loan from a shareholder		–	(310)
Principal portion of lease payments		(1,954)	(1,140)
Interest portion of lease payments		(127)	(80)
Repurchase of shares		(414)	–
Net cash flows used in financing activities		(2,495)	(1,530)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(164,456)	88,757
Cash and cash equivalents at beginning of year	*25*	369,880	278,216
Effect of foreign exchange rate changes, net		3,680	2,907
CASH AND CASH EQUIVALENTS AT END OF YEAR	*25*	209,104	369,880
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of cash flows	*25*	209,104	369,880

1. CORPORATE AND GROUP INFORMATION

AI X TECH INC. (the "Company", formerly known as "Cheshi Technology Inc.") was incorporated in the Cayman Islands on 22 November 2018 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered address of the Company is Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the advertising service of automobiles in the People's Republic of China (the "PRC") (the "Business"). The ultimate holding company of the Company is Cheshi Holdings Inc. (formerly named "X Technology Group Inc.") and the ultimate controlling party of the Group is Mr. Xu Chong ("Mr. Xu").

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 January 2021.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Cheshi Investments Limited	British Virgin Islands	United States dollar ("US$") 1	100	–	Investment holding
Cheshi Hong Kong Limited	Hong Kong	US$1,000	–	100	Investment holding
Congshu Beijing Technology Company Limited* (樅樹(北京)科技有限公司) ("Congshu Beijing")	PRC/Mainland China	Renminbi ("RMB") 37,631,200	–	100	Provision of advertising service of automobiles
Congshu Hubei Technology Company Limited* (樅樹(湖北)科技有限公司) ("Congshu Hubei")	PRC/Mainland China	RMB 1,000,000	–	100	Provision of advertising service of automobiles
Congshu Beijing Internet Technology Limited (北京樅樹互聯科技有限公司)	PRC/Mainland China	US$ 5,000,000	–	100	Provision of SaaS** services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Beihai April Digits Technology Co., Ltd.* (北海四月行數字科技有限公司)	PRC/Mainland China	RMB 2,000,000	–	100	Provision of SaaS** services
Beijing Union Vehicle Technology Co., Ltd. (北京聯車科技有限公司)	PRC/Mainland China	RMB 1,000,000	–	100	Provision of advertising service of automobiles
Congshu Internet (Guangzhou) Technology Co., Ltd. (樅樹互聯(廣州)科技有限公司)	PRC/Mainland China	RMB 1,000,000	–	100	Provision of SaaS** services
Shanghai Vehicle Color Technology Co., Ltd. (上海車彩科技有限公司)	PRC/Mainland China	RMB 1,000,000	–	100	Provision of SaaS** services
Changxing Weinet Congyue Equity Investment Partnership (L.P.)* (長興微網樅躍股權投資合夥企業(有限合夥)) ("Weinet")	PRC/Mainland China	RMB 51,000,000	–	98.04	Fund investment

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Zhixinglian Shenzhen Technology Co., Ltd. (智行鏈(深圳)科技有限公司)	PRC/Mainland China	RMB 10,000,000	–	51	Dormant
Zhonganxin Zhixing (Beijing) Technology Co., Ltd. (中安信智行(北京)科技有限公司) ("ZAXZX")	PRC/Mainland China	RMB 20,000,000	–	51	Sale of automobiles
Zhixing Link Technology Inc. (智行鏈科技有限公司)	British Virgin Islands	US$50,000	–	51	Investment holding
Zhixing Link (HK) Technology Limited (智行鏈(香港)科技有限公司)	Hong Kong	HK$ 10,000	–	51	Dormant
Cheshi Holdings (Thailand) Co., Ltd. (車市控股(泰國)有限公司)	Thailand	THB 4,000,000	–	100	Provision of advertising service of automobiles
Beijing Yikai Chuangyang Brand Management Co., Ltd.* (北京意凱傳揚品牌管理有限公司)	PRC/Mainland China	RMB 5,000,000	–	51	Provision of public relations services
Beihai Car Market Co Creation Technology Co., Ltd. (北海車市共創科技有限公司)	PRC/Mainland China	RMB 2,000,000		100	Provision of advertising service of automobiles

* The Group controls these entities through the contractual arrangements.
** Software as a Service.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income and debt investments at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

Further information about those IFRSs that are expected to be applicable to the Group is described below:

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

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

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

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

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

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

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

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments*: Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Leasehold improvements	Over the shorter of the lease terms and $33^1/_3$%
Computer and electronic equipment	20% to $33^1/_3$%
Office furniture and equipment	20% to $33^1/_3$%
Motor vehicles	20% to $33^1/_3$%

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks and domain names

Separately acquired trademarks and domain names are shown at historical cost. Trademarks and domain names acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation on the straight-line basis over the period of 10 years and impairment losses.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Customer relationships

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. The customer relationship has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line basis over the period of 3 years.

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over its estimated useful life of 3 years.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold property	Over the shorter of the lease terms and 3 years

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due. The Group has rebutted the 30 days past due presumption of significant increase in credit risk based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets.

The Group considers a financial asset in default when contractual payments are 180 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables, a loan from a shareholder and lease liabilities.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and bills payables, other payables, and borrowings)

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

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

Government grants

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when or as the services are rendered to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

Control of the services is transferred over time if the Group's performance provides all of the benefits received and consumed simultaneously by the customer.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group uses the output methods to measure the progress towards, recognising revenue based on direct measurements of the value transferred to the customer. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative stand-alone selling price. The Group generally determines stand-alone selling prices based on the prices charged to customers. If the stand-alone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed its obligation, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

The Group principally derives revenue from online advertising services, integrated marketing services and the sale of automobiles.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(a) Online advertising services

The Group principally provides advertising services to marketing agents in the automobile industry.

Online advertising services income is recognised in which the advertisements are published over the stated period of display on its own online platform, other linked online portals, or mobile applications. The Group uses the output methods to measure the progress towards, recognising revenue based on direct measurements of the value transferred to the customers.

Since the Group has the ability to determine the pricing of the online advertising services and to take responsibility for monitoring the quality of advertising services provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognises revenue from advertising on a gross basis.

Marketing agents usually pay the advertisement after the whole contract is completed. The Group records contract assets when it has delivered the relevant services to the customers, while trade receivables are recorded when the Group has unconditional rights to payments of online advertising services which are due according to the contract terms.

The online advertising service is often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the actual volume discounts. A refund liability (included in other payables) is recognised for volume discounts payable to customers in relation to sales made until the end of the reporting period while certain volume discounts payable by the Group are offset against receivables from the customers and only the net amounts are settled.

Certain customers prepay for the online advertising services, the Group recognises these receipts in advance as contract liabilities until the Group transfers the relevant services to the customers.

(b) Sales of automobiles

The Group is engaged in the sale of automobiles. Sales of goods are recognised when the control of the products has transferred, being when the products are delivered to the customer, the Group has full discretion over the price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been delivered to the specified locations, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Trade receivables is recognised when the goods are transferred and accepted by the customer. This is the point in time when the consideration is unconditional because only the passage of time is required before the payment is due.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(c) Integrated marketing services

The Group provides integrated marketing services with marketing analysis and marketing execution programs for the car manufacturer. Sales of service are recognised when service has been completed and confirmation is received from the customer. The Group has the full discretion over the price of the service, and there is no unfulfilled obligation that could affect the customer's acceptance of the service.

The Group provides integrated marketing services to automobile manufacturers, including marketing analysis and marketing execution programs. Revenue from these services is recognized upon completion of the service and receipt of customer confirmation. The Group retains full pricing discretion and has no outstanding obligations that could impact customer acceptance of the services.

Other income

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

Contract assets

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

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

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

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

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

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements.

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

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

Borrowing costs

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual arrangements

The Group conducts its business through Congshu Beijing Technology Limited (樅樹(北京)科技有限公司) ("Congshu Beijing") and its subsidiaries (collectively, the "Operating Companies") in the PRC. Due to the regulatory restrictions on the foreign ownership of the business in the PRC, the Group does not have any equity interest in Congshu Beijing. The Directors assessed whether or not the Group has control over the Operating Companies by assessing whether it has the rights to variable returns from its involvement with the Operating Companies. After assessment, the Directors concluded that the Group has control over the Operating Companies as a result of the contractual arrangements and accordingly the financial position and the operating results of the Operating Companies are included in the Group's consolidated financial statements. Nevertheless, the contractual arrangements may not be as effective as a direct legal ownership in providing the Group with direct control over the Operating Companies and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Operating Companies. The Directors, based on the advice of its legal counsel, consider that the contractual arrangements with Congshu Beijing and its registered equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue deferred tax liabilities in respect of withholding tax arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customers.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 20 and 23 to the financial statements, respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB6,153,000 (2023: RMB6,153,000). Further details are given in note 15 to the financial statement.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques including the market approach and income approach. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as Price/Earnings ratios ("P/E"), Entity Value/Revenue ratios and discount for lack of marketability. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Further details are included in note 38 to the financial statement.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised tax losses at 31 December 2024 was RMB45,277,000 (2023: RMB29,257,000). Further details are contained in note 30 to the financial statements.

Share-based payments

The determination of the fair value of the restricted share unit scheme ("RSU Scheme") and share award scheme ("SA Scheme") vested requires estimates in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the restricted share units and the share awards and their respective number that are expected to be vested. Where the outcome of the number of the restricted share units and the share awards that are vested is different, such difference will impact the consolidated statement of comprehensive income in the subsequent remaining vesting period of the relevant restricted share units and the share awards.

4. OPERATING SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions. The information reported to the CODM, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented. Revenue from external customers for each product and service is disclosed in note 5 to the financial statements.

Geographical information

During the reporting period, the Group operated within one location because all of its revenues were generated in Mainland China and all of its long-term assets/capital expenditures were located/incurred in Mainland China. Accordingly, no further geographical segment information is presented.

Information about a major customer

Revenue from a customer which amounted to more than 10% of the Group's revenue for the year ended 31 December 2024 is set out below:

	2024 RMB'000	2023 RMB'000
Customer A (Integrated marketing service)	32,546	NA*
Customer B (Online advertising service)	NA*	18,246

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the years ended 31 December 2024 and 31 December 2023.

5. REVENUE, OTHER INCOME AND GAINS

The Group determined that it has three revenue streams as follows:

- the provision of automobile-related advertising service and publication of automobile-related articles and videos, both of which are published on the Group's online platform ("Online advertising service");
- the sales of automobiles, which the Group purchases from car manufacturers and modifies the cars and sells them to customers ("Mobility business");
- the provision of integrated marketing service, which the Group provides marketing analysis and marketing execution programs for the car manufacturer ("Integrated marketing service").

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Revenue streams	Online advertising service RMB'000	Integrated marketing service RMB'000	Mobility business RMB'000	Total RMB'000
Timing of revenue recognition				
Sale of automobiles	–	–	145	145
Services transferred at a point in time	–	32,546	–	32,546
Services transferred over time	119,160	–	–	119,160
Total	119,160	32,546	145	151,851

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Revenue streams	Online advertising service RMB'000	Integrated marketing service RMB'000	Mobility business RMB'000	Total RMB'000
Timing of revenue recognition				
Services transferred at a point in time	–	–	–	–
Services transferred over time	155,358	–	–	155,358
Total	155,358	–	–	155,358

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Online advertising service	6,232	7,166

	2024 RMB'000	2023 RMB'000
Revenue recognised that from performance obligations satisfied in previous periods:		
Online advertising service not previous recognised due to constraints on variable consideration	828	1,070

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

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

Online advertising services

Online advertising service income is recognised when the advertisements are published over the stated period of display on its own online platform, other linked online portals, or mobile applications. The payment is generally due within 30 to 180 days from the date of billing.

Mobility business

The performance obligation is satisfied upon delivery of the automobiles and customers are usually required to pay in advance. The payment is generally due within 30 days from the date of billing.

Integrated marketing services

Integrated marketing service income is recognised when the service has been completed and the acceptance inspection by the customer has been passed. The payment is generally due within 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	7,562	6,383

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year and related to online advertising. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Integrated marketing service (continued)

	2024 RMB'000	2023 RMB'000
Other income		
Interest income	13,018	12,699
Government grants*	400	1,038
Super deduction for input VAT	–	563
Others	176	1,848
Total other income	13,594	16,148
Gains		
Foreign exchange gains, net	3,680	2,907
Fair value gains, net:		
Financial assets at fair value through profit or loss	1,982	–
Total gains	5,662	2,907
Total other income and gains	19,256	19,055

* The amount represents government grants from local government authorities in the PRC. There were no unfulfilled conditions and other contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold		1,293	–
Cost of services provided		64,708	33,574
Employee benefit expense (including directors' and chief executive's remuneration (note 8))			
Wages and salaries		43,732	41,132
Pension scheme contributions		3,270	3,326
Share-based compensation expense		–	6
Total		47,002	44,464
Loss on disposal of items of property, plant and equipment		390	–
Depreciation of property, plant and equipment	*13*	1,871	1,616
Depreciation of right-of-use assets	*14(a)*	1,741	1,093
Amortisation of intangible assets	*16*	979	1,016
Research and development costs:			
Current year expenditure		4,095	3,701
Lease payments not included in the measurement of lease liabilities	*14(c)*	305	122
Foreign exchange differences, net	*5*	(3,680)	(2,907)
Impairment of prepayments and other receivables*		–	2,000
Impairment/(reversal of impairment) of trade receivables and contract assets:			
Impairment/(reversal of impairment) of trade receivables	*20*	3,958	(4,799)
Reversal of impairment of contract assets	*23*	(4)	(186)
Total		3,954	(4,985)
Fair value losses*/(gains), net:			
Financial assets at fair value through profit or loss	*24*	(1,982)	4,483
Bank interest income	*5*	(13,018)	(12,699)
Auditor's remuneration		1,509	1,792

* The provision of Impairment of prepayments and other receivables, fair value losses of financial assets at fair value through profit or loss are included in "other expenses" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Note	2024 RMB'000	2023 RMB'000
Interest on a loan from a shareholder		103	146
Interest on lease liabilities	*14(c)*	127	80
Total		230	226

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 RMB'000	2023 RMB'000
Fees	333	324
Other emoluments:		
Salaries, allowances and benefits in kind	2,803	2,381
Performance-related bonuses	1,375	1,051
Pension scheme contributions	259	206
Subtotal	4,437	3,638
Total	4,770	3,962

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Mr. Xu Xiangyang	111	108
Mr. Sun Yong*	83	–
Mr. Ng Jack Ho Wan	111	108
Mr. Li Ming*	28	108
Total	333	324

* Mr. Li Ming resigned as an independent non-executive director on 26 March 2024 , while Mr. Sun Yong was nominated as an independent non-executive director on 26 March 2024.

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

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors and the chief executive

2024	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive director and the chief executive:				
Mr. Xu Chong	930	763	74	1,767
Executive directors:				
Mr. Liu Lei	886	300	71	1,257
Mr. Lin Yuqi	573	245	57	875
Ms. Zhang Nan	414	67	57	538
	2,803	1,375	259	4,437

2023	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Executive director and the chief executive:				
Mr. Xu Chong	833	751	75	1,659
Executive directors:				
Mr. Liu Lei	881	300	68	1,249
Mr. Lin Yuqi	667	–	63	730
	2,381	1,051	206	3,638

There was no arrangement under which a directors waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director and the chief executive and two executive directors (2023: one director and the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2023: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	1,150	2,151
Performance-related bonuses	–	500
Pension scheme contributions	141	127
	1,291	2,778

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

	2024	2023
Nil to RMB1,000,000	2	1
RMB1,000,001 to RMB1,500,000	–	2
	2	3

During the year, no share options were granted to (2023: nil) non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current year are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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

(a) Cayman Islands

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

(b) British Virgin Islands

The Group's entities incorporated in British Virgin Islands are not subject to tax on income or capital gains.

(c) Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

(d) PRC corporate income tax ("CIT")

A subsidiary of the Group, Congshu Beijing Technology Company Limited in the PRC has obtained the approval from the in-charge tax authority in the PRC as a High-New Technology Enterprise as defined under the New Enterprise Income Tax Law. Such entity is entitled to a reduced preferential enterprise income tax ("EIT") rate at 15% ("HNTE Preferential Tax Rate") for a 3-year period from October 2023 to October 2026. Accordingly, it was subject to the HNTE Preferential Tax Rate at 15% for the year ended 31 December 2024 (2023: 15%).

A subsidiary of the Group, Beihai Congshu Advertising Media Company Limited is entitled to a reduced corporate income tax rate of 15% as an enterprise engaged in encouraged industries in the Western region. Additionally, the subsidiary is also exempt from the 40% local share of corporate income tax for five years, starting from the year in which the income is generated for the first time. Accordingly, the subsidiary was subject to a corporate income tax rate of 15%*(1-40%)=9% for the year ended 31 December 2024 (2023: 9%).

10. INCOME TAX (Continued)

(d) PRC corporate income tax ("CIT") (Continued)

Pursuant to the PRC EIT Law and the respective regulations, the other PRC subsidiaries were subject to a reduced corporate income tax rate of 5% as Small and Micro Enterprises for the year ended 31 December 2024.

	2024 RMB'000	2023 RMB'000
Current – the PRC		
Charge for the year	2,288	4,230
Overprovision in prior years	(1,781)	(2,992)
Deferred (note 30)	589	(125)
Total tax charge for the year	1,096	1,113

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

	2024 RMB'000	%	2023 RMB'000	%
Profit before tax	3,410		42,520	
Tax at the statutory tax rate	852	25	10,630	25
Lower tax rates enacted by local authorities	(625)	(18)	(6,213)	(15)
Adjustments in respect of current tax in prior years	(1,781)	(52)	(2,992)	(7)
Additional deduction of research and development expenses	(1,102)	(32)	(1,155)	(3)
Income not subject to tax	(394)	(12)	(1,326)	(3)
Tax losses not recognised	4,005	117	2,040	5
Expenses not deductible for tax	141	4	129	–
Tax charge at the Group's effective rate	1,096	32	1,113	3

11. DIVIDENDS

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

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,110,278,066 (2023: 1,111,192,000) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculations of basic earnings per share are based on:

	2024 RMB'000	2023 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	2,692	42,884

	Number of shares 2024	 2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	1,110,278,066	1,111,192,000

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2024	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024:					
Cost	2,866	106	7,347	1,014	11,333
Accumulated depreciation	(2,508)	(82)	(1,551)	(1,014)	(5,155)
Net carrying amount	358	24	5,796	–	6,178
At 1 January 2024, net of accumulated depreciation	358	24	5,796	–	6,178
Additions	395	6	842	–	1,243
Disposals	(3)	–	(387)	–	(390)
Depreciation provided during the year (note 6)	(301)	(10)	(1,560)	–	(1,871)
At 31 December 2024, net of accumulated depreciation	449	20	4,691	–	5,160
At 31 December 2024:					
Cost	3,258	112	7,802	1,014	12,186
Accumulated depreciation	(2,809)	(92)	(3,111)	(1,014)	(7,026)
Net carrying amount	449	20	4,691	–	5,160

13. PROPERTY, PLANT AND EQUIPMENT (continued)

31 December 2023	Electronic equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2023:					
Cost	2,714	100	4,127	1,014	7,955
Accumulated depreciation	(2,073)	(67)	(385)	(1,014)	(3,539)
Net carrying amount	641	33	3,742	–	4,416
At 1 January 2023, net of accumulated depreciation	641	33	3,742	–	4,416
Additions	152	6	3,220	–	3,378
Depreciation provided during the year (note 6)	(435)	(15)	(1,166)	–	(1,616)
At 31 December 2023, net of accumulated depreciation	358	24	5,796	–	6,178
At 31 December 2023:					
Cost	2,866	106	7,347	1,014	11,333
Accumulated depreciation	(2,508)	(82)	(1,551)	(1,014)	(5,155)
Net carrying amount	358	24	5,796	–	6,178

14. LEASES

The Group as a lessee

The Group has lease contracts for office buildings used in its operations. They have lease terms between 2 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Office buildings RMB'000
As at 1 January 2023	1,856
Additions	2,134
Early termination	(5)
Depreciation charge	(1,093)
As at 31 December 2023 and 1 January 2024	2,892
Additions	2,667
Early termination	(458)
Depreciation charge	(1,741)
As at 31 December 2024	3,360

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	2,807	1,843
New leases	2,667	2,134
Accretion of interest recognised during the year	127	80
Payments	(2,081)	(1,220)
Early termination	(483)	(30)
Carrying amount at 31 December	3,037	2,807
Analysed into:		
Current portion	1,477	1,295
Non-current portion	1,560	1,512

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

The carrying amount of the lease liabilities which are repayable is as follows:

	2024 RMB'000	2023 RMB'000
Analysed into:		
Within one year or on demand	1,477	1,295
In the second year	1,178	1,232
In the third to fifth years, inclusive	382	280
	3,037	2,807

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

14. LEASES (continued)

The Group as a lessee (continued)

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	127	80
Depreciation charge of right-of-use assets	1,741	1,093
Expense relating to short-term leases (included in selling expenses and administrative expenses)	305	122
Total amount recognised in profit or loss	2,173	1,295

15. GOODWILL

	Total RMB'000
At 1 January 2023:	
Cost	6,153
Accumulated impairment	–
Net carrying amount	6,153
Cost at 1 January 2023, net of accumulated impairment	6,153
Impairment during the year	–
At 31 December 2023	6,153
At 31 December 2023 and 1 January 2024:	
Cost	6,153
Accumulated impairment	–
Net carrying amount	6,153
Cost at 1 January 2024, net of accumulated impairment	6,153
Impairment during the year	–
Cost and net carrying amount at 31 December 2024	6,153
At 31 December 2024:	
Cost	6,153
Accumulated impairment	–
Net carrying amount	6,153

15. GOODWILL (continued)

On 31 October 2015, Congshu Beijing completed the acquisition of an online advertising platform which is now operated by the Group, from an independent third party at a cash consideration of RMB20 million. In accordance with IFRS 3 (Revised), *Business Combinations*, the Group is required to recognise the identifiable assets acquired, liabilities assumed and contingent liabilities that satisfy the recognition criteria at their fair value at the acquisition date. Accordingly, the Group has undertaken a purchase price allocation to allocate the purchase consideration to the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill acquired through business combinations is allocated to the online advertising service cash-generating units. The recoverable amount of the cash-generating unit is determined based on value-in-use calculation. Impairment testing of goodwill is performed by management at the end of each reporting period, or whenever there is an impairment indicator.

These calculations use cash flow projections based on financial budgets approved by management covering a five-year period with the following key assumptions:

	2024	2023
Revenue growth rate	1% to 5%	3% to 8%
Gross profit margin	67.3% to 73.8%	78.6% to 81.6%
Discount rate (pre-tax)	21.69%	20.57%

Management's assumptions used in revenue growth rate and gross profit margin are based on historical records and synergy arising from the business combination. Management's assumption used in the pre-tax discount rate is based on the industry data and the cash-generating unit's debt and equity structure.

As at 31 December 2024, the recoverable amount of the cash-generating unit of RMB33,428,000 (2023: RMB168,757,000), which was calculated based on value-in-use calculation, exceeded its carrying amount of RMB12,086,000 (2023: RMB13,942,000) (including goodwill of RMB6,153,000 (2023: RMB6,153,000)) by RMB21,342,000 (2023: RMB154,815,000).

15. GOODWILL (continued)

Sensitivity analysis

If the revenue had been 5% lower than management estimate as at 31 December 2024, with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB1 million (2023: RMB9 million).

If the gross profit margin had been 1% lower than management's estimate as at 31 December 2024, with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB10 million (2023: RMB11 million).

If the discount rate (pre-tax) had been 1% higher than management's estimate as at 31 December 2024, with all other variables held constant, the recoverable amount of cash-generating unit will be impacted by approximately RMB3 million (2023: RMB11 million).

After taking into consideration of the above sensitivity analysis, there is no shortfall of the recoverable amount compared with the carrying amount of the cash-generating unit.

The Directors have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the cash generating unit to exceed its recoverable amount.

16. OTHER INTANGIBLE ASSETS

	Trademarks and domains RMB'000	Customer relationship RMB'000	Computer software RMB'000	Total RMB'000
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	1,729	–	139	1,868
Additions	–	–	–	–
Amortisation provided during the year (note 6)	(936)	–	(43)	(979)
At 31 December 2024	793	–	96	889
At 31 December 2024:				
Cost	9,366	1,273	581	11,220
Accumulated amortisation	(8,573)	(1,273)	(485)	(10,331)
Net carrying amount	793	–	96	889

	Trademarks and domains RMB'000	Customer relationship RMB'000	Computer software RMB'000	Total RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	2,645	–	178	2,823
Additions	20	–	41	61
Amortisation provided during the year (note 6)	(936)	–	(80)	(1,016)
At 31 December 2023	1,729	–	139	1,868
At 31 December 2023:				
Cost	9,365	1,273	584	11,222
Accumulated amortisation	(7,636)	(1,273)	(445)	(9,354)
Net carrying amount	1,729	–	139	1,868

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Leikewo (Beijing) Technology Limited	184	148

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Bills receivables	11,071	1,580

Bills receivables are with a maturity period of within six months. As at 31 December 2024, the loss allowance was assessed to be minimal.

19. INVENTORIES

	2024 RMB'000	2023 RMB'000
Modified cars	–	514

20. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	82,155	94,172
Bills receivables	4,461	–
Total	86,616	94,172

The Group's trading terms with its customers are mainly on credit. The credit period is generally 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the recognition date of gross trade receivables and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 30 days	34,583	23,552
31 to 90 days	12,561	23,337
91 days to 180 days	14,207	25,377
181 to 365 days	17,725	19,164
Over 1 year	19,282	14,987
	98,358	106,417
Impairment	(16,203)	(12,245)
	82,155	94,172

20. TRADE AND BILLS RECEIVABLES (continued)

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

	2024 RMB'000	2023 RMB'000
At beginning of year	12,245	17,044
Impairment losses /(reversal of impairment losses) (note 6)	3,958	(4,799)
At end of year	16,203	12,245

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

31 December 2024	Amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Trade receivables aged:			
Within 30 days	34,583	0.76%	263
31 to 90 days	12,561	1.07%	134
91 days to 180 days	14,207	1.88%	267
181 to 365 days	17,725	11.70%	2,073
Over 1 year	19,282	69.84%	13,466
	98,358	16.47%	16,203

31 December 2023	Amount RMB'000	Expected credit loss rate	Expected credit losses RMB'000
Trade receivables aged:			
Within 30 days	23,552	1.21%	286
31 to 90 days	23,337	1.28%	299
91 days to 180 days	25,377	1.90%	483
181 to 365 days	19,164	3.17%	607
Over 1 year	14,987	70.53%	10,570
Total	106,417	11.51%	12,245

21. CONTRACT COSTS

Contract costs are costs directly related to a contract or to a specifically identifiable anticipated contract which will be used in satisfying performance obligations for online advertising services. Contract costs are recognised as cost of sales when the related revenue is recognised, it is consistent with the pattern of recognition of the associated revenue. Contract costs of RMB64,000 were recognised during the year (2023: RMB1,033,000).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Non-current portion:		
Prepayments	2,685	–
Rental deposits	457	250
Total	3,142	250
Current portion:		
Other tax receivables	13,812	11,143
Prepayments and others	11,598	3,055
Rental deposits	1,114	1,274
Others	556	943
Total	27,080	16,415

The amounts due from non-trade debtors were unsecured and interest-free. None of the above assets was either past due or impaired. The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default.

The credit exposures of the above balances have no significantly increase in credit risk since initial recognition, the Group is required to provide for 12-month expected credit losses. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the year, the Group estimated that the expected loss rate for the above financial assets was insignificant.

23. CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Contract assets arising from online advertising service	2,401	4,665
Impairment	(52)	(56)
Net carrying amount	2,349	4,609

The Group provides online advertising services, the contracts of which include multiple advertising services. The Group records contract assets when it has delivered the relevant services to the customers. Upon the completion of all services, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2024 compared with that in 2023 was the result of the fulfilment of online advertising services at end of year 2024.

As at 31 December 2024, an amount of RMB52,000 (2023: RMB56,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 20 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	2,401	4,665
Total contract assets	2,401	4,665

23. CONTRACT ASSETS (continued)

The movements in the loss allowance for impairment of gross contract assets are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	56	242
Impairment losses	(4)	(186)
At end of year	52	56

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2024	2023
Expected credit loss rate	2.17%	1.20%
Gross carrying amount (RMB'000)	2,401	4,665
Expected credit losses (RMB'000)	52	56

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Non-current portion		
Unlisted investment funds		
– Level 3 investment (note (a))	25,571	24,998
Current portion		
Unlisted investment funds		
– Level 2 investment (note (b))	10,240	10,061
Total	35,811	35,059

(a) The Group has made an investment in a private equity fund in the PRC with a fair value of RMB25,571,000 as at 31 December 2024 (2023: RMB24,998,000). The fair value is within Level 3 of the fair value hierarchy. During the year ended 31 December 2024, a fair value gain of RMB573,000 (2023: a fair value loss of RMB5,188,000) was recognised in profit or loss.

(b) The Group has made an investment in a private fund which is registered in the PRC and in the Cayman Islands with fair values of RMB10,240,000 as at 31 December 2024 (2023: RMB10,061,000). The fair value is within Level 2 of the fair value hierarchy. During the year ended 31 December 2024, a fair value gain of RMB179,000 (2023: RMB209,000) was recognised in profit or loss.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

During the year, the following gain or loss was recognised in profit or loss:

	2024 RMB'000	2023 RMB'000
Net fair value (gain)/loss on financial assets at fair value through profit or loss	(1,982)	4,483

25. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	159,053	200,063
Time deposits	276,018	233,060
Subtotal	435,071	433,123
Less:		
Current:		
Time deposits with original maturity of over three months	205,386	53,027
Non-current:		
Time deposits with original maturity of over one year	20,581	10,216
Cash and cash equivalents	209,104	369,880

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB200,856,000 (2023: RMB205,301,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

26. TRADE AND BILLS PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 3 months	6,142	3,414
3 months to 6 months	14,769	6,591
Total	20,911	10,005

Bills payables are with a maturity period of within six months.

27. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Other tax payables	14,257	13,101
Salaries and welfare payables	5,386	9,448
Information technology service fees payable	4,746	7,227
Agency fee and labour wage	2,521	5,368
Rebate payables	6,073	3,596
Payable to other suppliers	2,653	2,138
Others	7,091	2,572
Total	42,727	43,450

Other payables are non-interest-bearing and have an average term of three months.

28. A LOAN FROM A SHAREHOLDER

On 10 September 2021, a minority shareholder of a subsidiary of the Group has granted a loan of RMB12,740,000 to the subsidiary, in proportion to its equity interest in this subsidiary. The minority shareholder is a company owned by Mr. Xu. The loan was unsecured, at an interest rate of 6% per annum, denominated in RMB and was originally repayable in three years from the drawdown date on 10 September 2021. As of 8 September 2024, the Group has repaid the principal amount of RMB10,600,000. The maturity date of the remaining principal of RMB2,140,000 has been extended to 9 September 2026 with interest waived for the remaining period. As of 31 December 2024, the remaining principal was RMB2,140,000.

The carrying amount of the loan from a shareholder is repayable:

	2024 RMB'000	2023 RMB'000
Analysed into:		
Within one year or on demand	–	2,495
In the second year	2,584	–
Total	2,584	2,495

29. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities, which represented the unsatisfied performance obligation as at year end and will be expected to be recognised as revenue within one year:

	2024 RMB'000	2023 RMB'000
Online advertising service	7,092	6,232

30. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2024			
	Right-of-use Assets RMB'000	Deductible temporary differences RMB'000	Time deposit interest income RMB'000	Total RMB'000
At 1 January 2024	–	31	574	605
Deferred tax charged/(credited) to the statement of profit or loss during the period (note 10)	117	35	(186)	(34)
Gross deferred tax liabilities at 31 December 2024	117	66	388	571

Deferred tax assets

	2024					
	Impairment of trade receivables and contract assets RMB'000	Temporary difference of amortisation of intangible assets RMB'000	Fair value adjustments arising from financial assets at fair value through profit or loss RMB'000	Deferred bonus RMB'000	Lease Liabilities RMB'000	Total RMB'000
At 1 January 2024	388	45	1,250	600	–	2,283
Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10)	32	(19)	(143)	(584)	91	(623)
Gross deferred tax assets at 31 December 2024	420	26	1,107	16	91	1,660

30. DEFERRED TAX (continued)

Deferred tax liabilities

	2023			
	Right-of-use Assets RMB'000	Deductible temporary differences RMB'000	Time deposit interest income RMB'000	Total RMB'000
At 31 January 2023	–	45	–	45
Deferred tax charged/(credited) to the statement of profit or loss during the period (note 10)	–	(14)	574	560
Gross deferred tax liabilities at 31 December 2023	–	31	574	605

Deferred tax assets

	2023				
	Impairment of trade receivables and contract assets RMB'000	Temporary difference of amortisation of intangible assets RMB'000	Fair value adjustments arising from financial assets at fair value through profit or loss RMB'000	Deferred bonus RMB'000	Total RMB'000
At 31 January 2023	790	64	144	600	1,598
Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10)	(402)	(19)	1,106	–	685
Gross deferred tax assets at 31 December 2023	388	45	1,250	600	2,283

The Group has tax losses arising in Mainland China of RMB45,277,000 (2023: RMB29,257,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

30. DEFERRED TAX (continued)

Deferred tax assets (continued)

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, the Group's earnings will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The total amount of temporary difference associated with the investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised was approximately RMB263,800,000 as at 31 December 2024 (2023: RMB241,642,000).

31. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Authorised:		
10,000,000,000 ordinary shares of US$0.0001 each as at 31 December 2024 (2023: 10,000,000,000 ordinary shares of US$0.0001)	1,000	1,000
Issued and fully paid:		
1,234,600,000 ordinary shares as at 31 December 2024 (2023: 1,234,600,000 ordinary shares)	840	840

Issued share capital	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
Ordinary shares as at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,234,600,000	124	840	246,004

32. SHARE-BASED PAYMENTS

On 25 June 2019, the Group adopted the RSU Scheme and SA Scheme, to incentivise the Group's directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

On 25 December 2020, the board of directors of the Company has resolved to grant 17 employees under the RSU Scheme 2,170,000 restricted share units (representing 2,170,000 underlying shares of the Company) and 5 employees under the SA Scheme 80,000,000 share awards (representing 80,000,000 underlying shares of the Company).

On 14 January 2021 (the "Grant date"), the Company has granted the above restricted share units and share awards to the selected employees.

The fair value of the restricted share units and the share awards are measured at the Grant date. The vesting period of the restricted share units and the share awards started on 25 December 2020, which is the date when the employees were aware of the RSU Scheme and SA Scheme and have begun providing services to satisfy the condition attached to the schemes.

The RSU Scheme and SA Scheme will be valid and effective for a period of ten years, commencing from its adoption date, which is 25 June 2019.

RSU Scheme

The restricted share units granted to each of the employees will be vested in 4 years, subject to certain performance criteria and service condition of the employees. Every 25% of the granted restricted share units are vested on 1 April of each year, through 1 April 2023 to 1 April 2025. The restricted share units are exercisable prior to the earlier of the termination of the employees' employment and the 10th anniversary of the Grant date.

The weighted average fair value per each restricted share unit amounted to RMB0.01 on the Grant date.

The fair value of the restricted share units was calculated based on the estimated market price of the Company's shares at the Grant date factored in the probability of vesting per Monte Carlo Simulation.

The total expenses recognised in profit or loss for the restricted share units granted to the Group's employees under the RSU Scheme is nil* for the year ended 31 December 2024 (2023: nil*).

* Less than RMB1,000.

32. SHARE-BASED PAYMENTS (continued)

RSU Scheme (continued)

The restricted share units granted subsequent to the year end date have been vesting during the years ended 31 December 2024 and 2023, set out below is the summary of restricted share units granted under the RSU Scheme:

	Vesting Period	Fair value of restricted shares per Tranche RMB'000	Number of restricted share units granted
Tranche 1	25 December 2020-1 April 2022	17	542,500
Tranche 2	2 April 2022-1 April 2023	2	542,500
Tranche 3	2 April 2023-1 April 2024	2	542,500
Tranche 4	2 April 2024-1 April 2025	–	542,500
Total			2,170,000

Movements in the number of shares held for the scheme for the years ended 31 December 2024 is as follows:

	Number of restricted share units granted
At 31 December 2023	860,000
Forfeited	(150,000)
Expired	(355,000)
At 31 December 2024	355,000

SA Scheme – granted to the other selected employees of the Group

Share awards of 60,000,000 (representing 60,000,000 underlying shares of the Company) were granted to the selected employees on 14 January 2021. The share awards granted to the selected employees will be vested in 4 years, subject to certain performance criteria and service condition of the employees. Every 25% of the granted restricted share units are vested on 1 April of each year, through 1 April 2022 to 1 April 2025.

The weighted average fair value per each share award amounted to RMB0.01 on the Grant date.

32. SHARE-BASED PAYMENTS (continued)

SA Scheme – granted to the other selected employees of the Group (continued)

The fair value of the share awards was calculated based on the estimated market price of the Company's shares at the Grant date factored in the probability of vesting per Monte Carlo Simulation.

The total expenses recognised in the consolidated statement of comprehensive income for the share awards granted to the selected employees under the SA Scheme is nil* for the year ended 31 December 2024 (2023: RMB6,000).

* Less than RMB1,000.

The share awards granted have been vesting during the year ended 31 December 2020, set out below is the summary of share awards granted under the SA Scheme:

	Vesting Period	Fair value of restricted shares per Tranche RMB'000	Number of restricted share units granted
Tranche 1	25 December 2020-1 April 2022	493	15,000,000
Tranche 2	2 April 2022-1 April 2023	44	15,000,000
Tranche 3	2 April 2023-1 April 2024	2	15,000,000
Tranche 4	2 April 2024-1 April 2025	–	15,000,000
Total			60,000,000

	Number of restricted share units granted
At 31 December 2023	15,000,000
Forfeited	–
Expired	(7,500,000)
At 31 December 2024	7,500,000

32. SHARE-BASED PAYMENTS (continued)

Post-IPO RSU Scheme

On 30 September 2021, the Company has adopted Post-IPO RSU Scheme. Persons eligible to receive RSUs under the Post-IPO RSU Scheme are existing employees, directors (whether executive or non-executive), officers, consultants and service providers of the Company or any member of the Group. The Post-IPO RSU Scheme will be valid and effective for a period of ten years, commencing from its adoption date, being 30 September 2021 (the "adoption date").

The total number of shares underlying the Post-IPO RSU Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as of the adoption date. The maximum number of RSUs (including shares granted, vested, exercised or cancelled) which may be granted to any one RSU selected participant under the Post-IPO RSU Scheme during the twelve months from the grant date (inclusive) may not exceed 1% of the issued share capital of the Company as of the relevant grant date, unless otherwise approved by the board of directors of the Company.

The board of directors of the Company can determine the vesting criteria, conditions, the time schedule and the exercise price when the RSUs will vest and such criteria, conditions, time schedule and the exercise price shall be stated in a RSU grant letter.

As at 31 December 2023 and 2024, the Company has not granted any RSUs under the Post-IPO RSU Scheme.

33. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 71 to 72 of the financial statements.

(a) Share premium

The share premium of the Group represents the capital contribution from its then shareholders and the difference between the par value of the shares issued and the proceeds received.

33. RESERVES (continued)

(b) Treasury shares

(i) On 25 June 2019, the Company's shareholders approved and adopted the incentive schemes ("Incentive Schemes"). The Company has appointed Core Trust Company Limited, an independent third party, as the custodian (the "Scheme Custodian") to assist with the administration of the Incentive Schemes, and Glory Tower Investments Limited, an indirectly wholly-owned subsidiary of the Scheme Custodian, as nominee of the RSU Scheme (the "RSU Nominee"), and Colourful Sky International Limited, an indirectly wholly-owned subsidiary of the Scheme Custodian, as nominee of the SA Scheme (the "SA Nominee"). Accordingly, 100,000,000 ordinary shares subscribed by the Scheme Custodian at par value which amounted to RMB69,000 on 21 June 2019 and were accounted for as treasury shares as at 31 December 2024 and 2023. No restricted share units nor share awards were granted as at 31 December 2024 and the date of this report.

(ii) In September 2021, the Company has appointed Kastle Limited, an independent third party, as the scheme custodian to repurchase shares to be held by the trust as restricted share units for employee share award. The share repurchase was approved by the board of directors. During the year of 2024, 1,500,000 ordinary shares are subscribed by the custodian of the new scheme with an average price of HK$0.30 per share which amounted to HK$450,000, equivalent to RMB414,000. During the year of 2023, no ordinary shares were subscribed by the custodian of the new scheme. As at 31 December 2024, No restricted share units nor share awards were granted during the year 2024 and the date of this report.

(c) Share-based payment reserve

The share-based payment reserve comprises the fair value of the restricted shares and share option granted and exercised, as further explained in note 32 to the financial statements.

33. RESERVES (continued)

(d) Statutory surplus reserve

In accordance with the Company Law of the PRC and the respective articles of association of the group companies, each of the companies that is domiciled in the PRC is required to allocate 10% of its profit after tax, as determined in accordance with PRC Generally Accepted Accounting Principles, to the statutory surplus reserve until the reserve reaches 50% of the registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve is non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, it can be used to offset accumulated losses or be capitalised as paid-up capital.

(e) Fair value reserve

The fair value reserve comprises all revaluation changes arising from the equity instruments designated at fair value through other comprehensive income.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,667,000 (2023: RMB2,134,000) and RMB2,667,000 (2023: RMB2,134,000) in respect of lease arrangements for office buildings, and non-cash reductions of right-of-use assets and lease liabilities of RMB458,000 (2023: RMB5,000) and RMB483,000 (2023: RMB30,000) respectively as a result of early termination of lease.

During the year, the Group had non-cash reductions of trade payables and debt investments at fair value through other comprehensive income of RMB6,072,302 (2023: RMB11,033,320) and RMB6,072,302 (2023: RMB11,033,320) as a result of endorsing the bank notes to suppliers.

(b) Changes in liabilities arising from financing activities

2024	Lease liabilities RMB'000	A loan from a shareholder RMB'000
At 1 January 2024	2,807	2,495
Changes from financing cash flows	(2,081)	–
New leases/loans	2,667	–
Interest expense	127	89
Early termination	(483)	–
At 31 December 2024	3,037	2,584

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities (continued)

2023	Lease liabilities RMB'000	A loan from a shareholder RMB'000
At 1 January 2023	1,843	2,659
Changes from financing cash flows	(1,220)	(310)
New leases/loans	2,134	–
Interest expense	80	146
Early termination	(30)	–
At 31 December 2023	2,807	2,495

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	305	122
Within financing activities	2,081	1,220
Total	2,386	1,342

35. COMMITMENTS

The Group did not have any significant commitments as at 31 December 2024 (2023: nil).

36. RELATED PARTY TRANSACTIONS

Name of related party	Relationship with the Group
Beijing Congshu Management Consulting Center ("Beijing Congshu")	The Fellow Subsidiary
Congshu Insurance Brokers Limited ("Congshu")	The Fellow Subsidiary
Flaming Gem Investment Limited	An entity controlled by a former director
Mr. Xu Chong	The ultimate controlling shareholder
Ms. Suo Yan	The minority shareholder

(a) The Group had the following transactions with related parties during the year:

	Notes	2024 RMB'000	2023 RMB'000
Fellow subsidiaries:			
Office expense	*(i)*	2,194	2,340
Interest expense	*(ii)*	89	146
Consulting expense to an entity controlled by a former director	*(iii)*	927	1,556

(i) The office expenses were paid to Congshu, the prices for the office rental were determined in accordance with mutually agreed terms.

(ii) The interest expenses were paid to Beijing Congshu.

(iii) The consulting fee was paid to an entity controlled by a former director (Mr. Zhu Boyang) for providing financial and management advisory services.

(b) Outstanding balances with related parties:

	2024 RMB'000	2023 RMB'000
Prepaid office payments to a fellow subsidiary	–	888
A loan from a shareholder (note 28)	2,584	2,495
Office payments payable to a fellow subsidiary	67	–

36. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	3,136	2,705
Performance-related bonuses	1,375	1,051
Pension scheme contributions	259	206
Total	4,770	3,962

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

Financial assets	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	 Debt investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments at fair value through other comprehensive income	–	184	–	–	184
Debt investments at fair value through other comprehensive income	–	–	11,071	–	11,071
Trade and bills receivables	–	–	–	86,616	86,616
Financial assets included in prepayments, other receivables and other assets	–	–	–	1,670	1,670
Financial assets at fair value through profit or loss	35,811	–	–	–	35,811
Long-term deposits	–	–	–	457	457
Cash and cash equivalents	–	–	–	209,104	209,104
Time deposits with original maturity of over three months	–	–	–	205,386	205,386
Time deposits with original maturity of over one year	–	–	–	20,581	20,581
Total	35,811	184	11,071	523,814	570,880

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

Financial liabilities	Financial liabilities at amortised cost RMB'000
Trade and bills payables	20,911
Financial liabilities included in other payables and accruals (note 27)	23,084
A loan from a shareholder	2,584
Lease liabilities	3,037
Total	49,616

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2023

Financial assets	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	–	148	–	–	148
Debt investments at fair value through other comprehensive income	–	–	1,580	–	1,580
Trade and bills receivables	–	–	–	94,172	94,172
Financial assets included in prepayments, other receivables and other assets	–	–	–	2,217	2,217
Financial assets at fair value through profit or loss	35,059	–	–	–	35,059
Long-term deposits	–	–	–	250	250
Cash and cash equivalents	–	–	–	369,880	369,880
Time deposits with original maturity of over three months	–	–	–	53,027	53,027
Time deposits with original maturity of over one year	–	–	–	10,216	10,216
Total	35,059	148	1,580	529,762	566,549

Financial liabilities	Financial liabilities at amortised cost RMB'000
Trade and bills payables	10,005
Financial liabilities included in other payables and accruals (note 27)	20,901
A loan from a shareholder	2,495
Lease liabilities	2,807
Total	36,208

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2024, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the carrying amounts of cash and cash equivalents, time deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals and current portion of a loan from a shareholder reasonably approximate to their fair values because these financial instruments are short-term in nature.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

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

(a) Financial instruments in Level 1

The fair value of the listed securities is determined based on the closing prices quoted in active markets. They are accounted for using their fair values based on the quoted market prices (Level 1: quoted price (unadjusted) in active markets) without deduction for transaction costs.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in Level 2.

(c) Financial instruments in Level 3

Level 3 instruments of the Group's assets are equity investments in unlisted companies and unlisted investment funds.

The valuation techniques for investments in unlisted companies and unlisted investment funds include a valuation reports provided by the independent external valuer.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	184	184
Debt investments at fair value through other comprehensive income	–	11,071	–	11,071
Financial assets at fair value through profit or loss	–	10,240	25,571	35,811
Total	–	21,311	25,755	47,066

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	–	–	148	148
Debt investments at fair value through other comprehensive income	–	1,580	–	1,580
Financial assets at fair value through profit or loss	–	10,061	24,998	35,059
Total	–	11,641	25,146	36,787

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 and the movements in fair value measurements within Level 3 during the year are as follows:

Financial assets at fair value through profit or loss:

2024	Unlisted investment funds RMB'000	Unlisted equity investments RMB'000
At 1 January	24,998	–
Total gains recognised in profit or loss	573	–
At 31 December	25,571	–

2023	Unlisted investment funds RMB'000	Unlisted equity investments RMB'000
At 1 January	30,186	42
Total losses recognised in profit or loss	(5,188)	(42)
At 31 December	24,998	–

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Equity investments at fair value through other comprehensive income:

	2024 RMB'000	2023 RMB'000
At 1 January	148	229
Total losses recognised in other comprehensive income	36	(81)
At 31 December	184	148

The valuation techniques for unlisted investment funds include reviewing net asset value provided by fund administrators and a valuation report provided by the independent external valuer. One of the private funds makes investments in publicly traded products and thus the publicly available prices of exchange traded products have been used in the valuation process.

The Group has used the market approach to determine the fair value of equity investments designated at fair value through other comprehensive income. Major assumptions used in the valuation include discount of lack of marketability, P/E ratio, etc.

The valuation technique used to value unlisted equity investment at fair value through profit or loss includes reviewing net asset value and valuation report provided by independent external valuer.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

There were no changes in valuation techniques during the years ended 31 December 2024 and 2023.

Below is a summary of significant unobservable inputs to the valuation of financial instruments, together with a quantitative sensitivity analysis as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted investment fund	Net assets valuation method	Net asset value (i)	N/A
Unlisted equity investment at fair value through profit or loss	Net assets valuation method	Net asset value (ii)	N/A
Equity investments designated at fair value through other comprehensive income	Market approach	• Equity value • Discounts for lack of marketability ("DLOM")	• A shift of the equity value by +/-5% results in a change in fair value of RMB9,000 for the year ended 31 December 2024 (2023: RMB9,000) • A shift of the DLOM by +/-1% results in a change in fair value of RMB2,000 for the year ended 31 December 2024 (2023: RMB3,000)

(i) The Group has determined that the reported net asset value approximates to the fair value of the unlisted fund investment at the end of the reporting period. Considering the underlying unobservable inputs are associated with various different underlying investments within the unlisted investment fund, the Group has decided the sensitivity analysis is not applicable in this regard.

(ii) The Group has determined that the reported net asset value approximates fair value of the unlisted equity investment at the end of the reporting period. Considering the net assets of the underlying equity investment are mainly cash and cash equivalents, the Group has decided the sensitivity analysis is not applicable in this regard.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise a loan from a shareholder, cash and cash equivalents and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, contract assets, trade and bills payables and contract liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Company has no significant cash flow interest rate risk because the Company does not have short-term and long-term bank loans or other debt with a floating interest rate. The fixed rate a loan from a shareholder is subject to fair value interest rate risk, which is monitored through contractual terms, and the Group does not use derivatives to hedge the interest rate risk.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is RMB. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. The Group's transactions are mainly denominated in RMB. Certain of the Group's cash and bank deposits are denominated in HK$ and US$. Any significant exchange rate fluctuations of HK$ or US$ against RMB may have financial impacts on the Group.

The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the reporting period. Nevertheless, the Group will review and adjust the Group's hedging and financing strategies based on the RMB and HK$ exchange rate movement from time to time.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$ and HK$ exchange rates, with all other variables held constant, of the Group's profit after tax and the Group's equity arising from US$ and HK$ denominated cash and cash equivalents and time deposits:

	Increase/ (decrease) in US$/HK$ rate %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
2024			
If the RMB strengthens against the US$	(5%)	(10,193)	(10,193)
If the RMB weakens against the US$	5%	10,193	10,193
If the RMB strengthens against the HK$	(5%)	(1,509)	(1,509)
If the RMB weakens against the HK$	5%	1,509	1,509
2023			
If the RMB strengthens against the US$	(5%)	(7,391)	(7,391)
If the RMB weakens against the US$	5%	7,391	7,391
If the RMB strengthens against the HK$	(5%)	(1,020)	(1,020)
If the RMB weakens against the HK$	5%	1,020	1,020

Credit risk

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, time deposits, financial assets at fair value through profit or loss, debt investments at fair value through other comprehensive income, trade and bills receivables, and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables and other receivables are disclosed in notes 20 and 23 to the financial statements.

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by analysis by customer/counterparty.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Long-term deposits					
– Normal*	457	–	–	–	457
Contract assets**	–	–	–	2,401	2,401
Trade and bills receivables**	–	–	–	98,358	98,358
Debt investments at fair value through other comprehensive income					
– Normal*	11,071	–	–	–	11,071
Financial assets included in prepayments, deposits and other receivables					
– Normal*	1,670	–	–	–	1,670
Cash and cash equivalents					
– Not yet past due	209,104	–	–	–	209,104
Time deposits with original maturity of over three months					
– Not yet past due	225,967	–	–	–	225,967
Total	448,269	–	–	100,759	549,028

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

** For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 23 to the financial statements, respectively.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Long-term deposits					
– Normal*	250	–	–	–	250
Contract assets**	–	–	–	4,665	4,665
Trade and bills receivables**	–	–	–	106,417	106,417
Debt investments at fair value through other comprehensive income					
– Normal*	1,580	–	–	–	1,580
Financial assets included in prepayments, deposits and other receivables					
– Normal*	2,217	–	–	–	2,217
Cash and cash equivalents					
– Not yet past due	369,880	–	–	–	369,880
Time deposits with original maturity of over three months					
– Not yet past due	63,243	–	–	–	63,243
Total	437,170	–	–	111,082	548,252

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation and other interest-bearing loans. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

Group

	2024				
	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
Trade and bills payables	20,911	–	–	–	20,911
Lease liabilities	346	1,208	1,181	386	3,121
Financial liabilities included in other payables and accruals	23,084	–	–	–	23,084
A loan from a shareholder	444	–	2,140	–	2,584
Total	44,785	1,208	3,321	386	49,700

Group

	2023				
	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
Trade and bills payables	10,005	–	–	–	10,005
Lease liabilities	363	1,033	1,270	284	2,950
Financial liabilities included in other payables and accruals	20,901	–	–	–	20,901
A loan from a shareholder	387	2,204	–	–	2,591
Total	31,656	3,237	1,270	284	36,447

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Price risk

The Group's exposure to the price risk of equity funds and equity investment arises from investments held by the Group and they are classified in the consolidated statement of financial position as financial assets at fair value through profit or loss (Note 24) and equity investments designated financial assets at fair value through other comprehensive income.

The Group manages its price risk by regularly monitoring the equity portfolio to address any portfolio issues promptly.

The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months (Note 39).

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital by regularly reviewing the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings and lease liabilities (including current and non-current portion as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position. As part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Lease liabilities	3,037	2,807
A loan from a shareholder	2,584	2,495
Less: cash and cash equivalents	(209,104)	(369,880)
Net debt/(net cash)	(203,483)	(364,578)
Total equity	533,871	531,935
Gearing ratio	N/A	N/A

40. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2024, Congshu Beijing, a subsidiary of the Group, endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB3,728,000 (2023: RMB1,200,000) which are not past due as at 31 December 2024, and there is no bill discounted for this year due to the increased discount rate (2023: RMB2,000,000) (collectively as the "Derecognised Bills"). The Derecognised Bills had a maturity of one to five months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated liabilities. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2024, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

41. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events after the reporting period up to the date of this report.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	114,817	114,817
Total non-current assets	114,817	114,817
CURRENT ASSETS		
Due from subsidiaries	15,063	12,526
Prepayments, deposits and other receivables	2,285	300
Cash and cash equivalents	230,547	224,450
Time deposits with original maturity of over three months	1,807	1,323
Total current assets	249,702	238,599
CURRENT LIABILITIES		
Other payables and accruals	91	217
Total current liabilities	91	217
NET CURRENT ASSETS	249,611	238,382
TOTAL ASSETS LESS CURRENT LIABILITIES	364,428	353,199
NON-CURRENT LIABILITIES		
Deferred tax liabilities	222	542
Total non-current liabilities	222	542
NET ASSETS	364,206	352,657
EQUITY		
Issued capital	840	840
Share premium	246,004	246,004
Treasury shares	(23,977)	(23,563)
Reserve (Note)	141,339	129,376
Total equity	364,206	352,657

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2024	93,690	20,938	14,748	129,376
Profit for the year	–	–	11,963	11,963
At 31 December 2024	93,690	20,938	26,711	141,339

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2023	93,690	20,932	5,926	120,548
Profit for the year	–	–	8,822	8,822
Share-based payment reserve	–	6	–	6
At 31 December 2023	93,690	20,938	14,748	129,376

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2025.

Definitions

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	the forthcoming annual general meeting of the Company to be held on Thursday, May 22, 2025
"AI"	artificial intelligence
"Articles of Association"	the fourth amended and restated articles of association of our Company, conditionally adopted on May 17, 2022, and as amended, supplemented or otherwise modified from time to time
"Auditor"	Ernst & Young
"Beihai April"	Beihai April Travel Digital Technology Company Limited (北海四月行數字科技有限公司), a limited liability company established under the laws of the PRC on December 26, 2019, a direct wholly-owned subsidiary of Congshu Beijing, one of our Consolidated Affiliated Entities and is deemed to be an indirect wholly-owned subsidiary of our Company pursuant to the Contractual Arrangements
"Beijing Lianche"	Beijing Lianche Technology Company Limited (北京聯車科技有限公司), a limited liability company established under the laws of the PRC on May 29, 2020, a direct wholly-owned subsidiary of Congshu Internet, and is an indirect wholly-owned subsidiary of our Company
"Beihai Media"	Beihai Congshu Advertising Media Company Limited (北海樅樹廣告傳媒有限公司), a limited liability company established under the laws of the PRC on December 18, 2019, a direct wholly-owned subsidiary of Congshu Beijing, one of our Consolidated Affiliated Entities and is deemed to be an indirect wholly-owned subsidiary of our Company pursuant to the Contractual Arrangements
"Board" or "Board of Directors"	board of directors of the Company
"BVI"	the British Virgin Islands
"CAAM"	China Association of Automobile Manufacturers

"CAGR"	compound annual growth rate
"Chairman"	chairman of the Board
"Cheshi Holdings"	Cheshi Holdings Inc., formerly known as X Technology Group Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on November 19, 2018, which is wholly-owned by Mr. Xu
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"CIC"	China Insights Industry Consultancy Limited, a market research and consulting company to conduct research and analysis of, and to produce an industry report of the automobile vertical media advertising industry in China
"Company" or "the Company"	AI X Tech Inc. (車市科技有限公司) (previously known as Cheshi Technology Inc.), an exempted company incorporated in the Cayman Islands on November 22, 2018 with limited liability and the Shares are listed on the Main Board of the Stock Exchange on January 15, 2021 (Stock code: 1490)
"Congshu Beijing"	Congshu Beijing Technology Company Limited (樅樹(北京)科技有限公司), a limited liability company established under the laws of the PRC on September 28, 2015, one of the Company's Consolidated Affiliated Entities and is deemed to be an indirect wholly owned subsidiary of the Company pursuant to the contractual arrangements
"Congshu Hubei"	Congshu Hubei Technology Company Limited (樅樹(湖北)科技有限公司), a limited liability company established under the laws of the PRC on June 1, 2018, a direct wholly-owned subsidiary of Congshu Beijing, one of our Consolidated Affiliated Entities and is deemed to be an indirect wholly owned subsidiary of our Company pursuant to the Contractual Arrangements
"Congshu Internet"	Congshu Beijing Internet Technology Company Limited (北京樅樹互聯科技有限公司), a limited liability company established under the laws of the PRC on January 30, 2019 and is the Group's indirect wholly-owned subsidiary

"Consolidated Affiliated Entities"	the entities the Group controls through the Contractual Arrangements, namely Congshu Beijing and its wholly-owned subsidiaries, Congshu Hubei, Beihai April and Beihai Media, details of which are set out in "History, Reorganization and Corporate Structure" of the Prospectus
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, Congshu Beijing, Congshu Internet and the Registered Shareholders, details of which are described in "Contractual Arrangements" of the Prospectus
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules and in the context of this prospectus, refers to the controlling shareholders of our Company, being Mr. Xu and Cheshi Holdings
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"Director(s)"	director(s) of the Company
"Global Offering"	the Hong Kong Public Offering of 20,400,000 Shares for subscription by the public in Hong Kong and the International Offering (as defined respectively in the Prospectus) of initially 183,600,000 Shares for subscription by the institutional, professional, corporate and other investors
"Group", "the Group", "we", "us", or "our"	the Company, its subsidiaries and its Consolidated Affiliated Entities, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$" or "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards
"IT"	information technology

"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	January 15, 2021, the date on which the Shares of the Company were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Li"	Mr. Li Anding (李安定), an investor who has invested in our Group through ADYM Investments Limited, and currently holds 3.95% of the entire issued share capital of the Company
"Mr. Xu"	Mr. Xu Chong (徐翀), a founder, an executive Director, chairman of the Board, the chief executive officer of the Company and a Controlling Shareholder
"Online Advertising Service"	one of the Group's two business segments, in which revenue is generated primarily by providing a range of advertising services and advertising solutions to our advertising agency, automaker and autodealer customers
"PC"	personal computer
"PGC"	professionally-generated content
"Picker"	the intelligent internet platform that serves content distribution
"Post-IPO RSU Scheme"	the RSU scheme adopted by the Board on September 30, 2021, the principal terms of which are set forth in the Company's announcement dated September 30, 2021
"Pre-IPO RSU Scheme"	the RSU scheme approved and conditionally adopted by the Shareholders on June 25, 2019, the principal terms of which are set forth in "Statutory and General Information – G. RSU Scheme and SA Scheme – 1. RSU Scheme" in Appendix IV to the Prospectus
"Prospectus"	the prospectus of the Company dated December 31, 2020
"Registered Shareholders"	collectively, Mr. Xu and Mr. Li, being the direct shareholders of Congshu Beijing
"Reporting Period"	the year ended December 31, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"RSU"	restricted share unit

"RSU Nominee"	Glory Tower Investments Limited, a BVI business company incorporated under the laws of the BVI on May 30, 2019 and an indirect wholly-owned subsidiary of the Core Trust Company Limited, which holds the Shares underlying the RSUs for the benefit of eligible participants pursuant to and under the Pre-IPO RSU Scheme
"SA Nominee"	Colourful Sky International Limited, a BVI business company incorporated under the laws of the BVI on May 29, 2019 and an indirect wholly-owned subsidiary of the Core Trust Company Limited, which holds the shares underlying the restricted share awards for the benefit of eligible participants pursuant to and under the SA Scheme
"SA Scheme"	the restricted share award scheme approved and conditionally adopted by the Shareholders on June 25, 2019, the principal terms of which are set forth in "Statutory and General Information – G. RSU Scheme and SA Scheme – 2. SA Scheme" in Appendix IV to the Prospectus
"SaaS"	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary share(s) in the issued capital of the Company with nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction Facilitation Service"	one of the Group's two business segments, in which revenue is derived primarily by offering services and solutions to promote group-purchase events for autodealers and an insurance company
"treasury Shares"	has the meaning ascribed to it under the Listing Rules
"US$"	U.S. dollars, the lawful currency of the United States of America
"%"	per cent